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10000/136/362

1348

Declassified E.O. 12356 Section 3.3/WND No.

785015

00/136/362

IMPORTS, ITALY
MAY-SEPT. 1945

4005/CC

LIST OF PAPERS

Office of the
Chief Commissioner

ALLIED COMMISSION

File under No. 4005. IMPORTS, ITALY (Civilian Supplies)

From: 6 Sep 45

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
90	Gbl 017104 LAC1300 AFHQ	6 Sept 45	CC	Civilian Supply Accounts AC/AMG

2827

4005/CC

Office of the
Chief Commissioner

ALLIED COMMISSION

LIST OF PAPERS

File under No. 4005 IMPORTS, ITALY (Civilian Supplies)

From: 21 May 45
To: 1 Sep 45

TOP SECRET

Vol. II Page 6

SERIAL NUMBER	FROM	DATE	TO	SYNOPSIS
74	Cbl AFHQ, MAT-881	19 Aug 45	CCS	Termination of mil resp for relief supplies in Italy.
74a	Cbl AFHQ, FX-36638	19 Aug 45	USFET,USFA,AC	Loan of wheat for US/French zones in Austria.
75	20.02/ES, Denamore	20 Aug 45	CC	Termination of mil resp for relief supplies in Italy.
76	Memo, Merritt	20 Aug 45	CC	Hunt-Merritt transatlantic phone conversation.
77	Cbl CCS, CAL-1475	22 Aug 45	AFHQ,BCS,AC	Termination of mil supply responsibility
77a	Cbl CCS, COM-199	22 Aug 45	AC,AFHQ,UKB	Wheat requirements estimates.
78	Cbl CCS, CAL-1478	22 Aug 45	AFHQ,AC,BBS	US-UK combined civil supply reqmts.
79	Cbl AFHQ, MAT-886	23 Aug 45	CCS	Accounting for imports.
80	Cbl Troopers, PAT-158	23 Aug 45	AC,AFHQ,CCS	Egyptian cotton for Italy - Italian drafts on Bank of England in payment.
80a	Memo, Denamore	24 Aug 45	Walton	Wheat requirements estimates.
81	Cbl AC Commerce, 4448 (MOC 283)	25 Aug 45	CCS	Import of Tin from Portugal.
82	Cbl CCS, COM 208)	27 Aug 45	AC,AFHQ,BCS	Sept wheat, fourth quarter facts.
83	Cbl WAR fr Conway, Bisell	28 Aug 45	WSA MED	Shipping for Med Theatre, for Sept.
84	USIS Info Sheet	29 Aug 45	Press	O'Dwyer asks continued aid to Italy, is supported by 2 U.S. Senators.
84a	Cbl AC Eoon, 4432	29 Aug 45	CCS,UKB,AFHQ	Wheat requirements estimates.
85	AC MOC Airgram 105	30 Aug 45	CCS	Program for essential imports for Italy - imports under MOC-77.
85a	AC MOC Airgram 104	30 Aug 45	CCS	Food stock report.
86	AGR/810, Stone	31 Aug 45	Parri	Increased wheat shipments for Italy.
87	AC COM Airgram 106	31 Aug 45	CCS	Wheat requirements estimates.
88	AC MOC Airgram 107	31 Aug 45	CCS	Requirements through Dec 45.
89	AC MOC 289	1 Sep 45	CCS,UKB,AFHQ	Essential imports program for 1945.

ACCS/01

Office of the
Chief Commissioner

ALLIED COMMISSION

LIST OF PAPERS

File under No. ACCS THREATS, ITALY (Civilian Supplies)

VOL. II

Page 5

TOP SECRET

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
55a	COM Airmail 43, COAC Ltr RB 312.2 AS B: Sec	9 Jul 45	AC, AFHQ	Rev of CCSG Reserved Commodity List.
55		9 Jul 45	CC, A B B B4	Trans. of Cleveland report, plus COM Airmail 39 & MOC Airmail 90
59a	MOC Airmail 77	10 Jul 45	CCAC - Revision of pro-Ec initial imports, 1945	Setting civilian supply accounts IT
60	Cbl AFHQ BX 20251	11 Jul 45	AC	
61	Mem 1945 Finance	11 Jul 45	CC	Imported Civilian Supplies, costs
62	Mem 312.2 Regd Br ES	11 Jul 45	CC etc	Recom in MOC Airmail 77 of 10 July
63	Ltr Stone	12 Jul 45	VP R: Sec	End copies of airmail to Keeney
64	Ltr 312.2	13 Jul 45	Keeney UNRRA	Endg copies of Airmails
65	Mem Stone	14 Jul 45	R: B: ES	Tonnage figures, please
66	Mem, Regd Br	17 Jul 45	CC	Revision of Program of Essential Im- ports for 1945.
67	Cbl AFHQ, MAT-830	21 Jul 45	CCS	Termination of military responsibil- ity for relief supplies in Italy.
68	Cbl CCS, CAS-1456	27 Jul 45	MOC, AC, AFHQ	West imports from Argentina.
69	Cbl AC CC, 2996	2 Aug 45	AFHQ	AC concerned over possibility break- down supplying It after Sep arrivals.
2825				
70	Cbl AFHQ, LAC-1275	4 Aug 45	CCS	Termination of military responsibil- ity for relief supplies in Italy.
71	Cbl AFHQ, NAF-1054 (FX-32655)	6 Aug 45	CCS	SAC concerned over possible breakdo- wn It supplies after Sep arrivals.
72	148/Segr. Ricci	13 Aug 45	Stone	Program for Essential Imports for Italy - imports under MOC-77.
73	Cbl AFHQ, MAT-878	15 Aug 45	CCS	Termination of military responsibil- ity for relief supplies in Italy.

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SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
48	Ltr, Stone	21 May 45	de Gasperi	Shipment of wheat fr Argentina to Italy
48a	AFHQ G-5/130	23 May 45	CC AC	Accounting procedures for imports.
49	DO Ltr Spofford	25 May 45	Stone	Accounting procedures for imports. (tn
49a	Cbl AC Econ 8599	25 May 45	AFHQ(f CCS)	IG wishes publish re imports wool-cob
50	Cbl AFHQ LAC-1178	26 May 45	CCS	Agree reduction imports of sugar.
51	DO Ltr Stone	31 May 45	Spofford	Accounting procedures for imports.
51a	Cbl AGWAR CCS WX-11336	3 Jun 45	AFHQ	Essential imports supplied by military will not be supplied after Aug 45.
52	Cbl AFHQ LAC-1196	6 Jun 45	CCS	Requisitions for civil supplies.
53	Ltr, Stone	11 Jun 45	Alex Kirk	Import of meats & fats fr Argentina.
54	20.02, Stone	13 Jun 45	G-5 AFHQ	Accounting-billing for Category "A" supplies imported into Italy. INCL: "A" 13624/F/A, 3 Jun. "B" 13168/F, 27 May.
55	Cbl AC - MOC-180	19 Jun 45	CCS	Suggested procedure for delivery of Category B Supplies to Italy.
55a	Ltr Cleveland	25 Jun 45	AC Ec Sec	Reports on Mission to Wash, Apr-Jun
56	Ltr, Alex Kirk	25 Jun 45	Stone	US plans for supply/finance of Cate- gory "A" imports into Italy.
56a	CAL Airgram 39 CCAC	28 Jun 45	AFHQ G-5	Civilian Supply Program for Italy
57	Ltr, Stone	30 Jun 45	Alex Kirk	US plans for supply/finance of Cate- gory "A" imports into Italy.
58	COM Airgram 38 CCAC	2 Jul 45	AC & AFHQ G-5	Transmission of Cleveland Reports

4005/CO

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58	COM Airmgram 38 CCAC	2 Jul 45	AC & AFHQ G-5	Transmission of Cleveland Reports

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AFTER

ALL LAC AND RESERVE INFO ALCOM ROME

UNCLASSIFIED.

(This is LAC 1300. Ref LAC 1275)

Combined civilian supply accounts of AC/AMG in ITALY will be closed when recording of August loadings has been completed. Not clear where accounting responsibility will rest thereafter. Are AC/AMG accountants to continue responsibility as under para 3 of LAC 1275 or can we assume, in absence contrary advice from you, that all accounting thereafter will be handled by US/UK civilian agencies.

NEW SUBJECT

Ref para 2, CAL 1481. LAC number 1229, and 1292 not used, please cancel on your records.

NEW SUBJECT

2823
 CAL 1483 arrived garbled, please repeat.

DIST

INFO-ACTION REQ BR 2
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4005/4

FOR INFORMATION ONLY FOR THE YEAR 2000 (L2500-00)

1994-1995-1996-1997-1998-1999-2000-2001-2002-2003-2004-2005-2006-2007-2008-2009-2010-2011-2012-2013-2014-2015-2016-2017-2018-2019-2020-2021-2022-2023-2024-2025-2026-2027-2028-2029-2030-2031-2032-2033-2034-2035-2036-2037-2038-2039-2040-2041-2042-2043-2044-2045-2046-2047-2048-2049-2050-2051-2052-2053-2054-2055-2056-2057-2058-2059-2060-2061-2062-2063-2064-2065-2066-2067-2068-2069-2070-2071-2072-2073-2074-2075-2076-2077-2078-2079-2080-2081-2082-2083-2084-2085-2086-2087-2088-2089-2090-2091-2092-2093-2094-2095-2096-2097-2098-2099-2100-2101-2102-2103-2104-2105-2106-2107-2108-2109-2110-2111-2112-2113-2114-2115-2116-2117-2118-2119-2120-2121-2122-2123-2124-2125-2126-2127-2128-2129-2130-2131-2132-2133-2134-2135-2136-2137-2138-2139-2140-2141-2142-2143-2144-2145-2146-2147-2148-2149-2150-2151-2152-2153-2154-2155-2156-2157-2158-2159-2160-2161-2162-2163-2164-2165-2166-2167-2168-2169-2170-2171-2172-2173-2174-2175-2176-2177-2178-2179-2180-2181-2182-2183-2184-2185-2186-2187-2188-2189-2190-2191-2192-2193-2194-2195-2196-2197-2198-2199-2200-2201-2202-2203-2204-2205-2206-2207-2208-2209-2210-2211-2212-2213-2214-2215-2216-2217-2218-2219-2220-2221-2222-2223-2224-2225-2226-2227-2228-2229-2230-2231-2232-2233-2234-2235-2236-2237-2238-2239-2240-2241-2242-2243-2244-2245-2246-2247-2248-2249-2250-2251-2252-2253-2254-2255-2256-2257-2258-2259-2260-2261-2262-2263-2264-2265-2266-2267-2268-2269-2270-2271-2272-2273-2274-2275-2276-2277-2278-2279-2280-2281-2282-2283-2284-2285-2286-2287-2288-2289-2290-2291-2292-2293-2294-2295-2296-2297-2298-2299-2300-2301-2302-2303-2304-2305-2306-2307-2308-2309-2310-2311-2312-2313-2314-2315-2316-2317-2318-2319-2320-2321-2322-2323-2324-2325-2326-2327-2328-2329-2330-2331-2332-2333-2334-2335-2336-2337-2338-2339-2340-2341-2342-2343-2344-2345-2346-2347-2348-2349-2350-2351-2352-2353-2354-2355-2356-2357-2358-2359-2360-2361-2362-2363-2364-2365-2366-2367-2368-2369-2370-2371-2372-2373-2374-2375-2376-2377-2378-2379-2380-2381-2382-2383-2384-2385-2386-2387-2388-2389-2390-2391-2392-2393-2394-2395-2396-2397-2398-2399-2400-2401-2402-2403-2404-2405-2406-2407-2408-2409-2410-2411-2412-2413-2414-2415-2416-2417-2418-2419-2420-2421-2422-2423-2424-2425-2426-2427-2428-2429-2430-2431-2432-2433-2434-2435-2436-2437-2438-2439-2440-2441-2442-2443-2444-2445-2446-2447-2448-2449-2450-2451-2452-2453-2454-2455-2456-2457-2458-2459-2460-2461-2462-2463-2464-2465-2466-2467-2468-2469-2470-2471-2472-2473-2474-2475-2476-2477-2478-2479-2480-2481-2482-2483-2484-2485-2486-2487-2488-2489-2490-2491-2492-2493-2494-2495-2496-2497-2498-2499-2500-2501-2502-2503-2504-2505-2506-2507-2508-2509-2510-2511-2512-2513-2514-2515-2516-2517-2518-2519-2520-2521-2522-2523-2524-2525-2526-2527-2528-2529-2530-2531-2532-2533-2534-2535-2536-2537-2538-2539-2540-2541-2542-2543-2544-2545-2546-2547-2548-2549-2550-2551-2552-2553-2554-2555-2556-2557-2558-2559-2560-2561-2562-2563-2564-2565-2566-2567-2568-2569-2570-2571-2572-2573-2574-2575-2576-2577-2578-2579-2580-2581-2582-2583-2584-2585-2586-2587-2588-2589-2590-2591-2592-2593-2594-2595-2596-2597-2598-2599-2600-2601-2602-2603-2604-2605-2606-2607-2608-2609-2610-2611-2612-2613-2614-2615-2616-2617-2618-2619-2620-2621-2622-2623-2624-2625-2626-2627-2628-2629-2630-2631-2632-2633-2634-2635-2636-2637-2638-2639-2640-2641-2642-2643-2644-2645-2646-2647-2648-2649-2650-2651-2652-2653-2654-2655-2656-2657-2658-2659-2660-2661-2662-2663-2664-2665-2666-2667-2668-2669-2670-2671-2672-2673-2674-2675-2676-2677-2678-2679-2680-2681-2682-2683-2684-2685-2686-2687-2688-2689-2690-2691-2692-2693-2694-2695-2696-2697-2698-2699-2700-2701-2702-2703-2704-2705-2706-2707-2708-2709-2710-2711-2712-2713-2714-2715-2716-2717-2718-2719-2720-2721-2722-2723-2724-2725-2726-2727-2728-2729-2730-2731-2732-2733-2734-2735-2736-2737-2738-2739-2740-2741-2742-2743-2744-2745-2746-2747-2748-2749-2750-2751-2752-2753-2754-2755-2756-2757-2758-2759-2760-2761-2762-2763-2764-2765-2766-2767-2768-2769-2770-2771-2772-2773-2774-2775-2776-2777-2778-2779-2780-2781-2782-2783-2784-2785-2786-2787-2788-2789-2790-2791-2792-2793-2794-2795-2796-2797-2798-2799-2800-2801-2802-2803-2804-2805-2806-2807-2808-2809-2810-2811-2812

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 08-16-2009 BY SP-6 BTJ/KJS

PAID TO AND FOR THE BENEFIT OF THE UNITED STATES OF AMERICA (1-10-1917)

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4005-

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REF SUBJECT IS MARRIED TO TWO SIX YEAR NINETEEN MONTH OLD LAC SIGHT
COP 1475
MAY 2-81
AND FIVE AND FOURTEEN MONTHS

RE: ONE HUNDRED FOUR; CIA REFERENCES INCLUDES ALL CATEGORIES OF INFORMATION FOR ITALY
THESE LATE COMED OFF IN THE PAST FIVE YEARS BOTH IN THEIR SINGLE AND THEIR KING DAM
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PAGE THREE - 4655

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CMA 192. CMA 142 1100 281
ONE NINE TWO CMA AND ONE FOUR TWO NINE APPROVED BY FOUR TWO EIGHT ONE CMA
1100 289 1100 289
TWO EIGHT NINE CMA AND TWO FIVE NINE RESPECTIVELY ID. OTHER DETAILS IN INFORMATION
WILL BE PROVIDED SOONEST ID

- cc: Public Health SC
- Industry SC
- Chief Commissioner
- Supt SC
- Mr Embassy
- Am Embassy
- Air SC
- Food SC
- Room Two (3)

COI Public Health SC
Industry SC
Chief Counselor
Capt SC
Br Embassy
Am Embassy
Aerie SC
Food SC
Room Sec (3)

2820

Regulation Branch

549

H. C. QUARTER
Lt. Col, QAC
Economic Sec

MICHAEL FISHBURN
CWO, USA
Asst Adjutant

18

RESTRICTED

HEADQUARTERS ALLIED COMMISSION
A.P.O. 394
Economic Section

RESTRICTED

LOC AIRGRAM 107: 31st August 45

FROM:

ALCOA OFFICE ACRES

TO :

COM for CLAC

REFERENCE

COM ~~101~~ 101, dated 12 August 1945.

1. All Imported Foodstuffs for Period January to July 1945:

Essential monthly imported requirements for Italy of all food commodities for loading in this period remain the same as those listed in LOC 98 of 11 August 45 (for loading in period October-December 45) as amended by LOC 103 of 28 August 45 (Powdered Milk, Sugar, and Rais requirements) and LOC 106 of 31 August (Powdered Milk, requirements to meet reduction in grain amassing).

2. Miscellaneous Foodstuffs for Period Aug.-Dec. 1945:

For this period all imported foodstuffs except wheat monthly requirements of period above-mentioned. It is estimated that stocks of such commodities on hand at end of July will be just sufficient to provide for refugees, etc.

3. Imported Wheat for Period Aug.-Dec. 1945:

As regards imported wheat requirements for this period it is too early at this stage to produce anything other than a very approximate estimate, which must necessarily be subject to revision from time to time in the light of further information on current grain production and amassing as it becomes available. However, it has been agreed by sub-committee concerned that, purely in order to provide an indication of possible Italian imported wheat requirements in the latter half of 1945, a forecast of Italian 1945 wheat production for amassing in 1945-47 should be computed as follows:

1944 actual production	5,436,141
Less 20%	1,087,228
Loss Total Retentions (on 1943-1945 basis)	5,148,913
	2,886,000

2813

2. Miscellaneous Foodstuffs for Period Aug.-Dec. 1946:

For this period, monthly requirements of all imported foodstuffs except wheat will remain the same as for the period above-mentioned. It is estimated that stocks of such commodities on hand at end of July will be just sufficient to provide for a small increase in population arising from return of ex-prisoners, refugees, etc.

3. Imported Wheat for Period Aug.-Dec. 1946:

As regards imported wheat requirements for this period it is too early at this stage to produce anything other than a very approximate estimate, which must necessarily be subject to revision from time to time in the light of further information on current grain production and amassing as it becomes available. However, it has been agreed by Sub-Committee concerned that, purely in order to provide an indication of possible Italian imported wheat requirements in the latter half of 1946, a forecast of Italian 1946 wheat production for amassing in 1946-47 should be computed as follows:

1944 actual production	5,435,141
Less 20%	1,087,228
Less Legal Retentions (on 1945-1946 basis)	5,148,313
	2,886,000
	3,262,913

NOTE: It is considered that, if an adequate quantity of artificial fertilizer were made available, to producers and satisfactory weather conditions prevailed, this figure would be increased by 15%.

Take 90% as actually "amassable":

2,036,510

4. It is assumed that, as this year will be a bad one, wheat, barley, corn and rice amassing throughout Italy will be at least as originally estimated for 1945-46, i.e. in terms of grain equivalent:

867,736

5. Therefore total estimated grain (or equivalent) available for non-producers 1946-1947 will be:

2,904,246

88

4005/CC

2813

CONTINUED:

Total estimated consumption for all Italy on existing ration scales:
(2.5% added to figure for 1945-46, to allow for returning ex prisoners of war and forced labor).

3,515,912

Total deficit over 12 months commencing August 1946:
(Estimated stock on hand 31 July 46 cannot now be forecast)

511,573

Therefore Monthly amount required to be imported as from August 1946:

51,214

Rounded off to:

52,000

Import requirements for 5 months to end of year:

260,000

6. Italian Army Requirements:

In the foregoing estimates of requirements provision has not been made for maintenance of the Italian Army, except in fats and oils, for which the Italian Government has always been responsible. It is, however, believed that as from October 1946 the maintenance of the Army (at a strength of 205,000) in those items which are now supplied from Allied Military Stocks will become a responsibility of the Italian Government. This would involve an additional importation of the following quantities of foodstuffs during the year:

Grain	32,965 tons
Dried Veg.	4,660 "
Sugar	2,340 "
Pepper	12 "
Coffee	1,170 "

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The Directorate of Civil Affairs

has not been made for maintenance of the Italian army, except in fats and oils, for which the Italian Government has always been responsible. It is, however, believed that as from October 1945 the maintenance of the army (at a strength of 205,000) in those items which are now supplied from Allied Military Stocks will become a responsibility of the Italian Government. This would involve an additional importation of the following quantities of foodstuffs during the year:

Grain	39,960 tons
Dried Veg.	4,580 "
Sugar	2,340 "
Pepper	13 "
Coffee	1,170 "

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HEADQUARTERS ALLIED COMMISSION
J.F.O. 334
Economic Section

MOC AIRGRAM 106: 21 AUGUST 45

SEP 6 45

FROM:

ALCOM CITE AGRAG

TO:

COMS FOR CLAG

REFERENCE:

COM AIRGRAM 47, dated 4 AUGUST 1945.

1. Theat. In light of most recent information as to production and amassing of wheat and wheat equivalents referred to in MOC 252 it is not considered essential to amend the wheat requisition submitted in MOC Airgram 96 for loading in the period October-December 1945.

2. New Requisitions. These have now been computed as follows:

(a) Reduction in Agricultural Sub-Commission estimate of corn production for 1945 from 2,165,000 tons.....1,547,129 tons

Less total retentions.....1,227,124 "

Available for non-producers..... 421,000 "

Rounded off to..... 420,000 "

Converted to grain (at 91%)..... 382,200 "

(b) Original estimate of corn amassable used in compilation of MOC Airgram 96 of 11 August 1945..... 681,560 "

Less new estimate as in (a) above..... 240,200 "

Total reduction in estimate of grain (and grain equivalents) amassable..... 262,500 "

Less increased in Food Sub-Commission

2819

follows:

2819

4005/

(a)	Reduction in agricultural Sub-Committee estimate of corn production for 1945 from 2,163,000 tons.....	1,641,120 tons
	Less total retentions.....	1,257,184 "
	Available for non-producers.....	421,005 "
	Rounded off to.....	420,000 "
	Converted to grain (at 91%).....	382,200 "
(b)	Original estimate of corn amassable used in compilation of MCC Airgram 98 of 11 August 1945.....	651,000 "
	Less new estimate as in (a) above.....	382,200 "
	Total reduction in estimate of grain (and grain equivalents) amassable.....	268,800 "
	Less increase in Food Sub-Committee estimate of total stocks on hand as at 31 July 1945.....	40,854 "
	Net reduction in estimated availability for non-producers.....	227,946 "
(c)	Amount required to be imported, as per MCC Airgram 98 of 11 August, 1945, through 9 months of remaining harvest year (Nov. 1945 through July 1946) to maintain existing rationing.....	1,023,636 "
	Additional quantity now required to meet total reduction in amassing estimates, as shown in (b) above.....	227,946 "
		1,251,582 "

47

MOG Airgram 106: Cont'd.

(d) Monthly amount now required..... 139,150 Tons
Monthly amount as shown in MOG
Airgram 98..... 111,000 "
Rounded off to..... 25,150 "
25,000 "
(e) additional quantity required for safety
factor referred to in MOG Airgram 242 (could be reduced
later in year, if found not essential)..... 10,890 "
Rounded off to..... 11,000 "

(f) This brings the total monthly imports re-
quired up to the 150,000 tons as stated in FBA Program of
Basic Supplies for Italy. (Second Revision) dated 6 August 46).
3. It is emphasized that, in order to encourage pre-
latest estimates have fallen so far short of original ones, monthly
be shipped at the beginning of the 9 months period (October 1945 -
June 1946).

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3. It is emphasized that, in order to encourage prompt action not to hold on to their stocks of wheat, etc. now that the latest estimates have fallen so far short of original ones, monthly instalments as large as possible of above requested program should be shipped at the beginning of the 3 months period (October 1945 - June 1946).

1368

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Office of the Chief Commissioner
Economic Section
Requisition Branch

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AGR/610

31 August 1945

My dear Mr. Prime Minister:

Acknowledging your letter of 16 August, I can assure you that various agencies of the Allied Governments are giving fullest consideration to the problems incidental to increasing the shipments of wheat to Italy. Of course, since similar conditions prevail in many areas, the problem of increased imports to Italy is proportionately more difficult. The requirements for imported wheat have, however, been considered with due regard to the minimum food requirements of Italy.

The efforts of the Italian Government to increase the efficiency of the collection of domestic wheat is gratifying. It is most important that the maximum amount must be held in storage to provide for the needs of the various areas, especially since such domestic stocks will be the only basis for the maintenance of the ration in the event of any delay or interruption in the scheduled imports. In this connection, Regional Commissioners are giving their fullest attention to the lack of aggressive action to collect the wheat produced in certain provinces of the North, and doubtless the Italian Government is taking similar action in certain of the Southern provinces.

On the other hand, collections to date of some provinces of almost every compartment are reported to be proportionately high. There is reason to believe that the major wheat producing areas, except Foggia, are in a position to contribute more grain to the Granai del Popolo than was originally expected. Hence, continued aggressive action to implement the Granai del Popolo campaign should result in the collection of adequate domestic stocks with which to maintain the ration program, if provision can be made for imports to be continued at the present level.

The program as from the end of December is not yet established -- hence the necessity for a maximum reserve stock of domestic wheat. It is, therefore, recommended that the several Ministries continue to render all possible assistance to the Ministry of Agriculture in its grain collection program. I shall be glad to receive your further comments on the situation from time to time, and can assure you that the matter is receiving the continued attention of the Allied Commission.

Yours very truly,

Professor Ferruccio Parri
The President of the Council of Ministers
Italian Government
Rome

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

86

4005/111

SEP 5 1945

RESTRICTEDRESTRICTED

HEADQUARTERS ALLIED COMMISSION

MOO AIRGRAM 104: 30 August 1945.

TO : Combined Civil Affairs Committee
 (For Combined Liberated Areas Committee)
 30-006 Pentagon Building
 Washington, D.C. (15 cys)

SUBJECT : Food Stock Report.

REFERENCE : CAL 1436 and LAC 1289.

1. Attached will find Appendix "A" and "B". Appendix "A" represents wheat received, issued, and on hand in July 1945. Appendix "B" represents imported miscellaneous commodities received, issued and on hand in July '45.

Encl: Appxs "A" & "B".

DISTRIBUTION:

The Directorate of Civil Affairs War Office, Whitehall, London, S.W.1	4 cys
AFHQ, G-5, APO 512	5 cys
Br Embassy, Rome	4 cys
Am Embassy, Rome	4 cys
Allied Commission	
Food S/C	3 cys
Agriculture S/C	2 cys
Economic Sec.	4 cys
Chief Commissioner	

2817

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4005/1a

APPENDIX "A"

2816

WHEAT, FLOUR, BARLEY, STOCK POSITION
JULY 1945

ALL IN MET/TONS

	Stock as Per Estimate as at 1 Jul 45	Actual Stock as at 1 Jul 45	Estimated Arrivals in July	TOTAL	Estimated Issues to mills, whole- salers etc. in July
Northern Italy	112,800	112,800 (Actual Stock not to hand)	32,312 (2)	145,112	139,000 (3)
South & Central Italy	392,000	332,816 (1)	123,626	456,442	163,900 (3&4)
All Italy	504,800	445,616 (1)	155,938	601,554	302,900 (3&4)

- Explanations: Actual stock differs from estimated stock owing to (a) quantities in return, (b) returns from all provinces still not to hand in respect of wheat, (c) incomplete information at date of estimate of total arrivals and (d) possibility CIAI figure of stock on hand as at 1 June 45 being
- These figures includes scheduled transfers by rail and sea from the rest of Italy, but to date full information is not available as to actual tonnage.
 - This figure is merely an estimate of what should, on the average, be in warehouses to mills, etc., for the current month's consumption. Owing to the unavailability of transport, necessity of stock piling, issues etc., it bears no necessary relationship to actual consumption of population.
 - The figures include transfers out of stock to the north of Italy received

WHEAT, FLOUR, BARLEY, STOCK POSITIONS
JULY 1945

ALL IN MET/TONS

as esti- as at 45	Actual Stock as at 1 Jul 45	Estimated Arrivals in July	TOTAL	Estimated issues to mills, whole- salers etc. in July	Estimated Stock on hand at 31 July 45
300	112,800 (Actual stock not to hand)	32,512 (2)	145,312	139,000 (3)	6,312
600	332,516 (1)	103,620	436,136	183,900 (3&4)	252,236
800	445,016 (1)	135,938	581,954	302,900 (3&4)	279,054

Actual stock differs from estimated stock owing to (a) quantities in transit at date of return, (b) returns from all provinces still not to hand in respect of barley as well as wheat, (c) incomplete information at date of estimate of total arrivals for month of June, and (d) possibility CIAL figure of stock on hand as at 1 June 45 being incorrect.

These figures includes scheduled transfers by rail and sea from the central and South of Italy, but to date full information is not available as to actual tonnage delivered.

This figure is merely an estimate of what should, on the average, be issued monthly from warehouses to mills, etc., for the current month's consumption. Owing to local conditions including availability of transport, necessity of stock piling, issues in preceding months, etc., it bears no necessary relationship to actual consumption of population in the same month. The figures include transfers out of stock to the North of Italy received in 2.

856
APPENDIX "B"

9878

MISCELLANEOUS COMMODITIES STOCK POSITION
July 1945

ALL IN MET/TONS

COMMODITY	Stock as at 1 July 45	Actual Stock as at 1 July '45	Estimated Extra-need arrivals in July	TOTAL	Estimated issues ex CAP to houses to wholesalers, etc. Jul: (2)	Estimated Stock on as at 31
		(1)				
SOUP	9702	14,851	5,217	20,068	2,055	18,01
MILK, POWD	9,490	11,988	744	12,732	735	11,99
MILK, EVAP	9,111	10,829	2,338	12,575	386	12,18
MEAT	4,587	5,208	--	5,202	1,151	4,05
DRIED VEG	2,633	4,323	3,172	7,195	1,111	6,08
SUGAR	9,868	10,475	3,683	13,168	4,337	8,82
SOUP	791	573	1,003	1,576	503	1,17
FATS	6,805	8,784	--	8,784	2,192	6,59
EGGS	2,102	1,936	41	2,027	98	1,92
DATES	--	431	5,825	6,256	358	5,86
COFFEE	--	--	30	30	30	--

NOTES: (1) Actual stock differs from estimated stock owing to the fact that at date of last report were quantities in transit, (b) returns from all provinces were not to hand, and (c) information had been received as to arrivals for June.

(2) These figures have no necessary relationship to the actual sales from retailers to consumption. In July, owing to deliveries to CAP and wholesalers being sometimes for sometimes for two months, stock in transit at beginning and end of the month, and availability.

MISCELLANEOUS COMMODITIES STOCK POSITIONS
July 1945

ALL IN MET/TONS

Actual stock as at 1 July (1)	Estimated Extra-land arrivals in July	TOTAL	Estimated Issues ex GAP to houses to wholesalers, etc. July (2)	Estimated Stock on Hand as at 31 July 1945
14,851	5,217	20,068	2,055	18,013
11,388	744	12,132	735	11,397
10,239	2,336	12,575	326	12,189
5,202	--	5,202	1,151	4,051
4,023	3,172	7,195	1,111	6,084
10,479	2,623	13,102	4,332	8,770
673	1,003	1,676	503	1,173
6,754	--	6,754	2,192	4,562
1,386	41	1,427	98	1,329
431	5,425	5,856	588	5,268
--	30	30	20	--

are from estimated stock owing to the fact that at date of last report (a) there
in transit, (b) returns from all provinces were not received, and (c) incomplete
on received as to arrivals for June.

no necessary relationship to the actual sales from retailers to consumers (i.e.
July, owing to deliveries to GAP and wholesalers being sometimes for one month,
months, stock in transit at beginning and end of the month, and variable transport

AUG 31 1945

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HEADQUARTERS ALLIED COMMISSION

MSG AIRMAIL 105: 30 August 1945.

FROM : ALVIN SIGNED NAME

SUBJECT : Transmittal of Ltr 442/544 from the Italian Minister of Treasury.

1. Reference is made to MSG Airmail 77 and the program of Basic Supplies for Italy (September-December Loadings) and 12 July '45 and its revisions.

2. Attachments A and B bearing upon the above are submitted for your information and a proper action.

Attachments: A and B.

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War Office, Whitehall, London, S.W.1.

4 cys.

Allied Force Headquarters, AGO 512
(For Assistant Chief of Staff, G-3)

5 cys.

2814 -

Secretary
Inter-Allied Committee for Reconstruction
Rome, Italy

10 cys.

Allied Commission

10 cys.

cc: Chief Commissioner
Economic Sec 2
Finance S/C
A Emb
B Emb

85

4005/2

Attachment "A"

ROMA, 13 Agosto 1945

All'Ammiraglio HENRY W. STONE
Capo della Commissione AlleataROMA

Con riferimento alla lettera datata 30 maggio 1945, che Le fu inviata dall'On. Bonomi in occasione della trasmissione del "Piano di Importazioni per l'Italia per il 1945", subito dopo la liberazione dell'Italia del Nord, ho il pregio di domandarLe:

- 1) che venga inclusa nella somma dei 100 milioni dollari FEA la maggior parte delle voci del MOC 77, che si riferiscono a:
 - prodotti per l'alimentazione e per l'agricoltura;
 - combustibili, carburanti ed olii;
 - medicinali;
 - materie prime essenziali.
- 2) Le rimanenti voci del MOC 77 siano messe in "Categoria B" ed addebitate ai fondi cui si riferiva la lettera diretta dal Ministro Italiano per il Tesoro al Segretario del Tesoro Americano il 20 gennaio 1945.

Graziosa Sig. Ammiraglio, i sensi della mia più alta considerazione.

S/ IL MINISTRO

2813 -

85

Attachment "a"

Translation

The Minister of Treasury

n. 145/Segr.

Rome, 13 August 1945

To Admiral Piliery W. Sten
 Chief of the Allied Commission
Rome

Referring to a letter dated 30 May 1945, sent to you by the On. Bonomi on the occasion of the forwarding of the 'List for Essential Imports for Italy for 1945', immediately after the liberation of North Italy, I take the liberty of asking you:

- 1) To include in the sum of 1.5 billion dollars (L. 1) the greatest part of the items of MGC 77 referring to:
 - products for food and agriculture;
 - fuel, gasoline and oil;
 - medicines;
 - essential raw materials.
- 2) To have the remaining items of MGC 77 placed in 'Category B' and charged to the funds referred to in the letter sent by the Italian Minister of Treasury to the American Secretary for Treasury on January 20th 1945.

I remain, my dear Admiral,

Yours very truly,

ALL THOMAS

a. Ricci

2812 -

Arana. o/p

85

FOR OFFICE AGENT FOR COG FOR CLAC FOR CLAC REPTD UK BASE SECTION (LONDON)
FOR CABINET SECRETARIAT

432 29 August 1945 ROUTINE

UNCLASSIFIED.

THIS IS NOT TWO EIGHT TWO ID
REFER COM ONE NINE NINE ID

77a

FAIR TO FOR ACTION AGENT FOR COM FOR CLAC FOR COAC REPTD UK BASE SECTION (LONDON)
FOR CABINET SECRETARIAT FROM ALCON CITE AGRO FAIR

PARA ONE ID THE PRODUCTION AND COLLECTION OF CORN ON WHICH YOU TENTATIVELY
AGREED MUST NOW BE CHANGED BECAUSE OF CONTINUED DROUGHT AND RECENT STORM DAMAGE
ID EXPRESSED IN METRIC TONS WHEAT EQUIVALENT THE CORN COLLECTION IS NOW REDUCED
FROM AN ESTIMATED SIX FIVE ONE ZERO ZERO ZERO TONS TO AN ESTIMATED FOUR TWO
SIX ZERO ZERO ZERO TONS ID ON A NINE MONTH BASIS THIS TWO TWO FIVE ZERO ZERO
ZERO TON DEFICIENCY WILL NECESSITATE TWO FIVE ZERO ZERO ZERO TONS OF WHEAT PER
MONTH OVER THE REQUIREMENT STATED IN MCC AIRMAN NINE EIGHT ID
PARA TWO ID AFTER REEVALUATION OF THE GRAIN SITUATION AND ON THE BASIS OF OUR
EXPERIENCE WITH AGREST IT IS NOW RECOMMENDED THAT THE MONTHLY SHIPMENTS OF

2811
THAT BE INCREASED FROM ONE ONE FOUR ZERO ZERO ZERO TONS TO ONE FIVE ZERO
ZERO ZERO ZERO TONS FROM NOVEMBER ONE NINE FOUR FIVE THROUGH JULY ONE FIVE
FOUR SIX ID THE INCREASE OF THREE SIX ZERO ZERO ZERO TONS INCLUDES TWO FIVE
3811
ZERO ZERO ZERO TONS BECAUSE OF THE CORN DEFICIENCY AND AN ADDITIONAL ONE ONE
ZERO ZERO ZERO TONS AS A SAFETY FACTOR AGAINST UNUSUAL CONTINGENCIES SUCH

1 3 7 9

AGREED MUST NOW BE CHANGED BECAUSE OF CONTINUED DROUGHT AND RECENT STORM DAMAGE
 IS EXPRESSED IN METRIC TONS WHEAT EQUIVALENT THE CORN COLLECTION IS NOW REDUCED
 FROM AN ESTIMATED SIX FIVE ONE ZERO ZERO ZERO TONS TO AN ESTIMATED FOUR TWO
 SIX ZERO ZERO ZERO TONS ID ON A NINE MONTH BASIS THIS TWO TWO FIVE ZERO ZERO
 ZERO TON DEFICIENCY WILL NECESSITATE TWO FIVE ZERO ZERO ZERO TONS OF WHEAT PER
 MONTH OVER THE REQUIREMENT STATED IN HQ AIRHAM NINE EIGHT ID

PARA TWO ID AFTER REAPPRAISAL OF THE GRAIN SITUATION AND ON THE BASIS OF OUR
 EXPERIENCE WITH AMMANI IT IS NOW RECOMMENDED THAT THE MONTHLY SHIPMENTS OF

2811 THAT BE INCREASED FROM ONE ONE FOUR ZERO ZERO ZERO TONS TO ONE FIVE ZERO

ZERO ZERO ZERO TONS FROM NOVEMBER ONE NINE FIVE FIVE THROUGH JULY ONE NINE

FOUR SIX ID THE INCREASE OF THESE SIX ZERO ZERO ZERO TONS INCLUDES TWO FIVE

3811 ZERO ZERO ZERO TONS BECAUSE OF THE CORN DEFICIENCY AND AN ADDITIONAL ONE ONE

ZERO ZERO ZERO TONS AS A SAFETY FACTOR AGAINST UNPREDICTED CONTINGENCIES SUCH

AS TRANSPORTATION DELAYS INTERRUPTIONS OF COMMODITY OF, REQUIREMENT JURISDICTION
 AND POSSIBLE REDUCED ADDRESS AND MY JUDGMENT THAT PREVIOUS PLANNED WHILE THE
 BEST AVAILABLE MAKE THE WHEAT SITUATION TOO STRINGENT ID

PARA THREE ID SUFFICIENT BAGS ARE AVAILABLE TO HANDLE THOSE PORTIONS OF
 SHIPMENTS WHICH MUST BE GAGED IN PORT ID REMAINERS WILL BE TRANSFERRED IN BULK
 AND STORED IN AVAILABLE STORAGE SILOS ID

Economic Section
 516

CHARLES W. WALTON, Colonel
 Chief, Supply Division

NICHOLAS PLOMBINO
 CWO, USA
 Asst. Adjutant

846

USIS 1

FORMER AC OFFICIAL ASKS CONTINUED AID TO ITALY

NEW YORK, August 29 -- Following is the text of a telegram sent to President Truman on Friday, August 24, by Brig. General William O'Dwyer, former vice president of the Economic Section of the Allied Commission in Italy:

"The United Nations Relief and Rehabilitation Council has appropriated funds for the relief of Italy during the year commencing January 1, 1946, and this aid, as I understand it, is to replace the military program ending August 31. It is possible that the current flow of supplies may not continue until January 1, 1946, due to the termination of Lend-Lease. As a result, there may be an increase in disease and disorder in Italy this winter.

"Sometime ago the Foreign Economic Administration, with the support of the War Department, included one million dollars as a Lend-Lease item in its current budget estimates for supplies to Italy. If this sum were excepted from the Lend-Lease termination,

2813

It would insure a flow of supplies through the end of the present year, preventing the increasing of disease and disorder.

3816

1 3 8 1

the military program ending August 31. It is possible that the current flow of supplies may not continue until January 1, 1946, due to the termination of Lend-Lease. As a result, there may be an increase in disease and disorder in Italy this winter.

"Sometime ago the Foreign Economic Administration, with the support of the War Department, included one million dollars as a Lend-Lease item in its current budget estimates for supplies to

Italy. If this sum were excepted from the Lend-Lease termination, 2813 it would insure a flow of supplies through the end of the present year, preventing the increasing of disease and disorder. I am bringing this to your attention because I know your deep concern over this problem."

4005/23

= = =

USIS 2 UNRRA SPEEDS RELIEF PROGRAM FOR CHINA

WASHINGTON, August 29 -- Roy F. Hendrickson, acting director-general of the United Nations Relief and Rehabilitation Administration (UNRRA), Monday announced that with the end of the war in the Pacific UNRRA is proceeding rapidly with its procurement program for relief in China.

(MORE)

84

785015

USIS 7 U.S. LIBRARY IN ROME RECEIVES TECHNICAL BOOK COLLECTION

ROME, August 29 -- The American Library of the United States Information Service, a reference library maintained for the use of the Italian people, at 45 Via San Basilio, Rome, announced today that it has just received a collection of 220 scientific and technical books from the United States.

The books, which will be available for reference on request, include the latest information in the fields of refrigeration and air conditioning, structural geology, electrical engineering, diseases of infancy and modern poultry farming.

The library, which is open from 0900 to 1800 hours Monday through Friday and from 0900 to 1100 hours on Saturday, contains, besides the technical collections, U.S. periodicals and newspapers and books on the history and culture of the United States.

2809 -

= = =

USIS 8

TWO U.S. SENATORS SUPPORT AID TO ITALY

WASHINGTON, August 29 -- Following is the text of a joint state-

384 issued Monday by United States Senators Robert Wagner and James

(Continued on page 2 of today)

air conditioning, structural geology, electrical engineering, diseases of infancy and modern poultry farming.

The library, which is open from 0900 to 1800 hours Monday through Friday and from 0900 to 1100 hours on Saturday, contains, besides the technical collections, U.S. periodicals and newspapers and books on the history and culture of the United States.

2809 -

= = =

USIS 8

TWO U.S. SENATORS SUPPORT AID TO ITALY

WASHINGTON, August 29 -- Following is the text of a joint state-

3844 issued Monday by United States Senators Robert Wagner and James Mead, both Democrats of New York, on Italy: (Editors: See USIS 1 of today.)

"We have read a copy of the telegram sent by General O'Dwyer to President Truman concerning the necessity of continuing Lend-Lease aid to Italy for the balance of the year. We heartily endorse this proposal.

"General O'Dwyer last year was sent to Italy by President Roosevelt as a personal representative of the president and chief of the economic section of the Allied Commission. In this capacity he obtained an intimate knowledge of the needs of the Italian people. Nobody is in a better position to judge the necessity of continued aid to Italy. General O'Dwyer's suggestion, if carried out, will prevent much hardship this winter and will promote the interest of ourselves as well as of the Italian people."

= = =

814

2255 NSIT 126

AUG 280009

2/5653

AUG 282030

WAR FROM CONWAY AND BISSILL

ROUTINE

MAILBOX WSA MED INFO AFHQ CASERTA WSA, CG ROME AREA COMMAND WSA, WSA ALGERIA,
WSA MARSEILLES

Unclassified.

Para 1. Present schedule North American cereal berthing August. to MEDITERRANEAN as follows: French North AFRICA national two hundred seventy thousand six hundred bulk wheat two thousand two hundred bagged wheat. South FRANCE national fortyone thousand five hundred bulk wheat eight thousand five hundred miscellaneous bulk seventeen thousand bagged wheat. MTO CCAC fiftyone thousand bulk wheat seventeen thousand bagged wheat twentyfive thousand five hundred flour. YUGOSLAVIA URSR twentythree thousand five hundred bulk wheat fiftythree thousand nine hundred bagged wheat five thousand four hundred miscellaneous bagged three thousand seven hundred flour. ALBANIA URSR two thousand five hundred bagged wheat five hundred flour. GREECE URSR seventyfour thousand one hundred bulk wheat one thousand four hundred bagged wheat two thousand two hundred miscellaneous bagged. Grand total four hundred sixtynine thousand two hundred bulk one hundred thirtyone thousand three hundred bagged.

2808

Para 2. Present schedule September berthings as follows: French North AFRICA

38941 two hundred fiftyfive thousand bulk wheat seven thousand five hundred bagged barley seed. South FRANCE national fiftynine thousand five hundred bulk wheat. MTO CCAC for exxawg do thirtyfive thousand five hundred bagged wheat. ITALY URSR eightyfive thousand bulk wheat. YUGOSLAVIA URSR fiftyone thousand bulk wheat fourteen thousand five hundred bulk rye fiftyone thousand bagged wheat nine thousand five hundred flour. ALBANIA URSR five hundred miscellaneous bagged four thousand flour. GREECE URSR sixtyseven

83

PAGE 2

thousand bulk wheat. Grand total five hundred thirtytwo thousand bulk ninetyeight thousand bagged.

Para 3. Swiss requesting program upwards thirty thousand bulk monthly preferably via GENOA SAVONA beginning October arrival any comment please.

DIST

INFO-ACTION IN SC 2
" WSA
INFO CHIEF COMMISSIONER
ECOH SEC 2
FOOD SC 2
MTR
FILE

2807 -

2807

83

2238

AUG 272247

7/5518

AUG 280900

ROUTINE

WAR FROM COM CITE COM

ATTN: COMMISSION INFO AFHQ FOR INFO AND UN BASE SECTION FOR CABINET SECRETARIAT

UNCLASSIFIED.

(This is COM 208. Refer COM airgram 47, MOC 273, MOC airgrams 77 and 98)

September wheat, fourth quarter fats.

Wheat: from UNITED STATES sources only 85000 tons of bulk wheat are available for September loading. Unable to arrange for any part of it to be bagged. Although we are still exploring possibility of furnishing some empty bags it does not appear that any will be available for September loading.

We are also undertaking to supply for September loading 15000 tons of flour because it is at present readily available for shipment and since you have stated your monthly requirements at 8000 we will omit any flour from October loadings and undertake to ship 25 percent of the 100000 tons of wheat for that month in bags.

Please forward shipping instructions for wheat and flour vessels.

2806 Fats: our question in COM airgram 47 regarding fats was not answered in any of your recent messages nor has needed comprehensive table of total fats and oils program been furnished. It is a matter of some urgency that this information be supplied soonest.

ACTION INFO
 DIST
 REQUISITION IV 4
 CHIEF COMMISSIONER
 CC BR HHS
 CA US HHS
 ECON SEC
 FINANCE SC
 FILE 2
 FLOAT

4305/12

82

FOR ACTION AGAR FOR COS. PLN COAC RTD UK BASE SECTION LONDON
FOR CABINET SECRETARIAT RTD AFHQ FOR PHSG

4418

25 August 1945

ROUTINE

THIS IS NOC ~~XXXXXXXXXXXX~~^{Two} EIGHT THREE PD

SUBJECT IS IMPORT OF TIN FROM PORTUGAL PD

PAREN TO FOR ACTION AGAR FOR COS. PLN COAC RTD UK BASE SECTION
LONDON FOR CABINET SECRETARIAT RTD AFHQ FOR PHSG FROM HQ AICOM
CITE ACCOR PAREN

PARA ONE PD ITALIAN GOVERNMENT WISHES IMPORT SEVEN ZERO TONS
TIN FROM PORTUGAL PD THIS TIN FOR ITALY IN RETURN FOR TINDLATE
EXPORTED IN ONE NINE FOUR THREE PD

PARA TWO PD ITALIAN GOVERNMENT STATED TIN URGENTLY NEEDED

2805 PARTICULARLY FOR CANNING PD

PARA THREE PD ALLOCATION OF TIN IS REQUESTED

386 Copy to: Economic Section

Commerce Subcommittee

245

NICHOLAS FIORBINO
CWO, USA
Asst. Adjutant

(Vaj. S.R. GREEN)

4005/20

HEADQUARTERS ALLIED COMMISSION
Economic Section
INTER-OFFICE MEMORANDUM

LDD/sc

Tel: 267

24 August 1945

Ref: /ES

SUBJECT: Wheat Requirements Estimates.

TO : Col. G. W. Walton
Chief Supply Division

1. The Chief Commissioner has called to my attention COM 199 of 22 August 1945. He is very much concerned over the content of this message, as he states that it is evidence of non-coordination on the part of the Economic Section. He is unable to understand the apparent discrepancy between information given in LAC 1219 by the Agriculture Sub-Commission which was transmitted by the Embassy as Report 106 as compared with information set forth in MOC 273.

2. An explanation is requested as to reports made by the Agriculture Sub-Commission direct to Washington and as to why these are not handled in the regular way through the Economic Section.

3. The Chief Commissioner also directs that an investigation be made of the apparent discrepancies in information sent to Washington by the various messages; that a full explanation be furnished him, and that the matter be cleared up with Washington.

4. The Chief Commissioner insists that all messages from the Economic Section Sub-Commissions be coordinated by the Economic Section before dispatch, and that no independent action or message be sent by Sub-Commissions.

5. It was suggested by the Chief Commissioner that the responsibility of approval of all outgoing messages be placed on the Acting Vice President. This, however, requires a change in present procedure. Before such change is made, comments and recommendations of the Supply Division are requested.

FOR THE ACTING VICE PRESIDENT:

L. D. DENSMORE
Colonel, FA

80a

84a

40057/1

RESTRICTED

69013 CA 16
AUGUST 23/1215A

W/5205
AUGUST 25/1015B
RCL/THE

PROCESSED

ACTION: ALLIED COMMISSIONER ROME

INFO: FREEDOM, WASHINGTON FOR CCAC

RESTRICTED.

this is PAT 158. refer TAP 120.

1. Arrangements are being made for Ministry of Supply representative in ALEXANDRIA to purchase 1300 tons of Egyptian cotton on behalf of Italian government.
2. we had hoped immediate purchase would be possible and that cotton would be ready for shipment to ITALY last week in August.
3. purchase of cotton held up however pending receipt by bank of England of authority for Italian purchasing agent to draw pounds 320000 on bank of ITALY's sterling account in favour of Ministry of Supply and we should be grateful for anything you can do to expedite matters. Alternatively bank of ITALY can simply instruct payment direct to Ministry of Supply
4. Italian purchasing agent appears to have no authority from his government to draw on bank of ITALY's account at the bank of ENGLAND and for future purchases it seems highly desirable that Ministry of Foreign Affairs and Italian Treasury should come to some arrangement with bank of ITALY whereby the purchasing agent can draw on account for approved purposes.
5. your para 2. only bank of ITALY can issue necessary authority to enable the Italian Ambassador or purchasing agent to draw on sterling account.

2803

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RESTRICTED

DIST
ACTION: RM DIV (4)
INFO: CHIEF COMMISSIONER
ECOM SEC. CA TO US SEC. CC TO DE
FINANCER, FILE (2) FLOAT

CONFIDENTIAL

EX 37747
 AUG 231642B

7/5133
 AUG 241900B
 ROUTINE

ARMED ALEXANDER CITY FIDUC
 ACTION ALL MAY ADVISEMENTS INFO ALCOR ROME

CONFIDENTIAL

This is MAT 686. Ref TAR 668.

Comments following apply to your PAR numbers.

Para 1 A. Lists of losses and diversions are being prepared by G-5 AFHQ. Part 1 forwarded as AFHQ G-5 letter ref A-1 dated 15 August showing schedule of ships carrying civilian supplies on account BACHED.

Para 1 B. No Lend Lease or reciprocal aid adjustments have been made in theater for items issued from military stocks for civil use.

Para 2. Compilation of differences of arrival reports for BALKANS is progressing. Reports of diversions and losses are included in combined theater report cited in 1 A.

3. No para 3 was included in text. We assume final sentence para 2 beginning basis for is para 3 and nothing omitted.

5. Grateful for additional personnel but suggest they be made available both for ITALY and BALKANS accounts even if assigned to AG for administration.

RUE

INFO-ACTION: Econ Sec 2
 INFO: Chief Commissioner
 Reg Br
 Tr SC 2
 Commerce
 Finance
 File 2
 Fleet

79

1874
AUGUST 22/2030Z

I/4926
AUGUST 23/0915Z
ROUTINE

WAR FRONTS CITE COAG
ALEXANDER FOR INFO

INFO: ALCON, AND UK BASE SECTION FOR CABINET SECRETARIAT

UNCLASSIFIED.

This is CAL 1478. Refer LAC 1284. Identifying land lease and reciprocal aid items issued from UNITED STATES/UNITED KINGDOM military stocks to meet combined civilian supply requirements.

To date agreed percentage formula not concluded. Reporting instructions CAL 1405 remain unchanged

HYLLDRING

DISC

INFO-ACTION : REQ BR (2)

INFO : CHIEF COMMISSIONER
ECCH SEC
FILE (2)
FLONT

2801 -

2801

78

1873
AUG 222030Z

F/4895
AUG 230830Z
ROUTINE

CCS CITE CCAC

ALLIED COMMISSION FOR ACTION, AUTO INFO AMHQ FOR FIXING AND UK BASE SECTION
FOR CABINET SECRETARIAT

UNCLASSIFIED.

This is COM 199.

Wheat requirements estimates.

1. After sending COM 47 we have received the revised estimates of production and collection of rice, barley and corn and agree to them on a tentative basis.
2. With regard to estimates of wheat collection, 2 approaches have been used by AG. Under the first method, implied in LAG 1219 and worked out in detail in AG Agriculture Sub-Commission report of June 15 1945, transmitted to us by the UNITED STATES EMBASSY as report 106, wheat collections are estimated as the difference between estimated production and 1942-43 actual retentions. Under the second method (MOC 273) you estimate wheat collections at 90% of the difference between production and legal retentions. We must question the soundness of the second method under which you estimate actual farm retentions of wheat at little over 3 million tons or as the smallest since 1936, and about 90% of last year. For this reason we consider the first method forecasting actual collections as the only realistic one. We doubt whether collections of wheat will exceed 900,000 tons.
3. Collections by August 15th should represent at least 50% of total. The Embassy informs us that as of the end of July wheat collections were 220,000 tons.

2800

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See

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-84a

4005-1a

- 2 -

(1873 cont'd)

On these bases we ask you to reappraise the situation to the end of revising import plans presented in MOC 273 at the earliest possible date, because a timely, well documented presentation to the supply authorities is of utmost importance. Information available here indicates that European and NORTH AFRICA import requirements will exceed earlier expectations so that it might be difficult sizeably to increase shipments to ITALY in the first 6 months of 1946.

4. Are bags available for the handling of bulk wheat as indicated in MOC 273?
MILDRING.

RIST

ACTION: Requis Div 4
INFO: Chief Commissioner
Recm Sec
CG Br Sub
CG Am Sub
Finance 46
File 2
Flot

273

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R 1738
 ADD 2200453

P/AS-8
 ADD 2200453
 ROUTINE

PAR FROM GDS CITEO

ALM ANDER FORWING INFO FROM AND HE BARE THAT FOR C-KING
 REPRESENTATIVE

UNCLASSIFIED

This is GDS 1473.

Termination of military supply responsibility.

Termination of military supply responsibility. ref LAG 1076.

Your paragraph one: MAC has been requested to expedite reply to
 XOG 226. Your paragraph 2: upon completion of military civilian
 supply program for ITALY you will be relieved of all civilian supply
 responsibility. Administrative procedures will be established by
 civilian agencies. Your paragraph 3: MAC has been requested to
 expedite transmission to AG of advice requested. Your paragraph 4:
 your assumption is correct SHIPPING.

List

Info-Action - Requisition Div
 Info - Chief Commissioner
 Exec Comm 2
 Tech Section
 Finance CC
 Food CC 2
 In CC 2
 File 2
 Fleet

2791

77

40057/5007

Ext. 262

JMM/osm

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION
APO 994

AUG 21 RECD

20 August 1945

SUBJECT: Transatlantic Telephone Conversation

TO : Chief Commissioner

1. The attached memorandum of my discussion with Mr. Hunt, FEA Washington, on 18 August 1945 is forwarded for your information.

2. The points covered in paragraphs 1 and 4 have been brought to the attention of the Economic Section and I am passing to them a copy of this memorandum.

JAMES M. MERRITT
Acting Special Representative
Foreign Economic AdministrationEnclosure:
Memorandum

278

(76)

3

44057

18 August 1945

Memorandum of discussion with Mr. Hunt, FEA, over transatlantic telephone

1. Mr. Hunt stated that the prospects for supply to Italy have been materially improved since V-J Day.
 - a. Shipping adequate for the September supply program is assured.
 - b. There will be an increase in the over-all allocation for September.
2. Mr. Hunt inquired as to whether or not USCC contract with ICS had been signed and was advised that it had not.
3. Mr. Hunt inquired as to whether or not further action had been notified regarding USRAA bids for fuels for the Balkans and was advised that no information was available.
4. FEA Washington feels it extremely advisable that Eng. Sacerdoti, Head of the present Italian Mission in Washington, return to Rome for discussions regarding the 1946 program - but this only if his return to the U.S. can be effected without delay after not exceeding one week in Rome. Mr. Hunt requested that the matter be taken up with Economic Section to determine if the necessary priorities can be arranged.
5. Mr. Hunt indicated that a copy of the Russian Civil Code is reported to be available, translated into Italian, in Rome, and requested 2 copies if possible.
6. I requested decision by FEA Washington as to whether or not Major B.E. Timmons should be employed here. He will advise by cable.
7. I requested information as to estimated time of arrival of Mr. Kalish (USCC). Mr. Hunt will advise.

James M. Merritt

279

76

S E C R E T

HEADQUARTERS ALLIED COMMISSION

APO 394
Economic Section

LDD/sc

Tel: 267

20 August 1945

Ref: 20.02/ES

SUBJECT: Termination of Military Responsibility for Relief
Supplies for Italy

TO : The Chief Commissioner

1. For your general information and thinking perhaps the attached may have a bearing on the Congressional Committee's questions tomorrow, I inclose the following:

- (67) a) Copy of MAT 830 of 21 July, SACMED to CCS.
- b) Copy of TAM 667 of 16 August, CCS to SACMED.
- c) Letter Ref. D-5/G-5 AFHQ, 18 August.
- (28) d) Copy MAT 881, 19 August, SACMED to CCS.
- e) Action direction to Supply Division, Economic Section, with respect to AFHQ's letter.

2. You will note that SACMED has acknowledged 1 September as termination date for military responsibility for relief supplies on the assumption that August loadings have been completed.

273 3. FAN 604, CCS to SACMED, 30 July, Subject Civilian Petroleum Requirements in Italy, provides "1 October 45 will be the date of transfer in theatre of civilian import program of civilian agencies. AFHQ will continue to be responsible for military requirements for troop use until date and extent of transfer of responsibility of civilian agencies is agreed between civilian agencies ANPS, British Agencies and the U.S. Army."

4. Economic Section will submit for your concurrence recommendation with respect to the question of Venezia-Giulia raised in para. 3 G-5's letter and para. 2 and 3 of TAM 667.

75

4005/12

S E C R E T

5. The question submitted in MAT 881 by SACMED to CCS with respect to clarification of "termination of military responsibility" is interesting, as it is pointed out in MAT 881 that ALCOM is under SACMED's command.

6. You will note by TAM 667 that continued provision of essential supplies for Italy will be effected through other government agencies, who will operate through CLAC, dealing directly with ALCOM.

7. To date we have received no information as to the details of the machinery for handling supplies after SACMED's responsibility terminates. This is one of the things, I understand, that General McKinley and Cleveland propose to work out in Washington. Unless some definite information arrives within the next few days, it would appear advisable for us to ask for a clarification of the procedures to be followed.

8. When you have finished with these enclosures, please return them to me, as I need them in following through this matter.

FOR THE ACTING VICE PRESIDENT:

L. D. Densmore

L. D. DENSMORE
Colonel, FA
Chief Staff Officer

Encls:
a, b, c, d, e Above.

7 279

HEADQUARTERS ALLIED COMMISSION

APO 394

Office of the Executive Commissioner

21 August 1945

Memo

To : Chief Commissioner

Densmore has talked to Butterworth on this. Italy wheat for last three months of 1945 has not been called forward by AFHQ, but under new procedure these shipments are called forward by ALCOM in Com-Moc series. Butterworth says this has been done by AC and Densmore is checking requisitions to confirm. He will have a note for you before the meeting.

J

A. E. F.

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(74a)

M

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RESTRICTED

FX 36638
AUG 191200B

F/1541
AUG 201200B
PRIORITY

SIGNED ALEXANDER CITE FBCEG

ACTION USFET MAIN INFO USFA, CG 2ND CORPS, (ALCOM ROME), RPTD FOR INFO TO CG 2 CORPS FOR MIL GOV TEAM

RESTRICTED.

Loan of wheat for U.S./French zones AUSTRIA.

Ref: (A) Report of conference held at SALZBURG on CA/AG supply 4 August para 6.

(B) Your S-17104 dated 12 August.

(C) Our FX-34996 dated 13 August.

(D) Your S-17857 dated 16 August.

SEPTEMBER. Serious deficiencies in certain areas in ITALY do not permit vessels to be allotted to you in immediate future. Assuming Italian wheat programme arrives on schedule, this HQ will lend you 12000 tons for September by diverting ITALY vessels to you in last half September. Details will be signalled on receipt of further shipping information.

OCTOBER and NOVEMBER. ITALY wheat for these months will be FEA procurement and is not yet called forward. Meanwhile you have 47957 tons from CAL 1165 and 52730 tons from LFM 936/HEK 30 available to you. Do not therefore see necessity for continuing loan in October and November. Suggest you therefore call forward over USFET L of C sufficient of these allotments to meet your needs for these 2 months. Would stress that shipments GO called forward will reach you just as early as any tonnages that may be shipped to ITALY and diverted to you.

Desire emphasize: (A) No request made to and no commitment accepted by AFHQ.

~~RESTRICTED~~

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- 2 -

(FX 36638 cont'd)

RESTRICTED

to lend additional 36000 tons to USFA. (B) Limit of aid needed appears to be 12000 tons last half September. AMHQ can provide only if arrivals in Italian programme permit.

DIST

INFO-ACTION: Req Br 2
INFO: Chief Commissioner
Econ Sec
Food 2
File 2
Float

2793

~~**RESTRICTED**~~

(740)

SECRETFX 36676
AUG 191359BF/4517
AUG 200900B
PRIORITYSIGNED ALEXANDER CITE FICHO
ACTION ALL MAT ADDRESSES INFO AIDOM

SECRET.

This is MAT 881.

Termination of military responsibility for relief supplies for ITALY.

1. Assuming that August loadings have been completed, 1 September is acknowledged as termination date for military responsibility for relief supplies.
2. Desirability of excepting VENEZIA AQUILA and other small areas, your para 2 is being studied. Recommendations will be advised earliest.
3. Clarification is requested of "termination of military responsibility" as it applies to SACHED, since AIDOM is under his command. Does TAM 667 in fact relieve SACHED of relief responsibility or does it merely shift channel of requisition and procurement from G 5/CCAG channel to AIDOM/CCAG channel, leaving general responsibility for administration of relief with SACHED?

DIST

INFO-ACTION: Econ Sec 2
 INFO: Chief Commissioner
 Ex Commissioner 2
 Requisition Div
 Finance SC
 File 2
 Float

(M/C Note: No trace of TAM 667)

74

40051w

SECRET

FX35659

AUG 15 1427E

F/4050

AUG 16 0450

PRIORITY

SIGNED ALEXANDER CITE PHC60

ACTION ALL MAT ADDRESSEES, INFO ALCOM

SECRET.

This is MAT 878. Refer TAM 629.

Indication (vindication ?) of military responsibility for relief supplies in ITALY.

1. Urgently required is reply to MAT 830.
2. Essential that termination date 1 September be confirmed to permit completion of theatre planning.

DIST

INFO-ACTION: Econ Sec 2
INFO: Chief Commissioner
Finance SC
Commerce SC
Req Br
File 2
Float

*CABLED.

273

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AUG 14 1945

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C-1817

Translation

The Minister of Treasury

n. 118/ sgr.

Rome, 13 August 1945

To Admiral Ellery W. Stone
 Chief of the Allied Commission
R o m e

Referring to a letter dated 30 May 1945, sent to you by the
 On. Bonomi on the occasion of the forwarding of the 'plan for Essential
 Imports for Italy for 1945', immediately after the liberation of North
 Italy, I take the liberty of asking you:

- 1) to include in the sum of 100 million dollars FKA the
 greatest part of the items of MOC 77 referring to
 - products for food and agriculture;
 - fuel, gasoline and oils;
 - medicines
 - essential raw materials.
- 2) to have the remaining items of MOC 77 placed in 'category
 B' and charged to the funds referred to in the letter sent
 by the Italian Minister of Treasury to the American Se-
 cretary for Treasury on January 20th 1945.

I remain, my dear Admiral,

Yours very truly,

THE MINISTER

A. Ricci

2735

trans. e/o

EC - 11 Aug 45

Action Econ Sic

1450 - Chief Comm

Exec Comm

77

4005/1004

TOP SECRET

Copy No. 3.

FI 32655
AUG 061647B

AUG 7 RECD
CC 0431

F/2894

AUG 070840B

PRIORITY

ALEXANDER CITE PWGEG

ACTION: AGWAR FOR CCF AND AMSSO LONDON FOR BRITISH CHIEFS OF STAFF

INFO: USFET WAIN FOR EISENHOWER, ALCON FOR STONE

TOP-SECRET

NAF 1054.

I am gravely disturbed by the uncertainty which exists as to the means whereby the flow of essential supplies to ITALY will be maintained after the proposed cessation of combined military responsibility.

An alarming situation which may involve serious internal disorder faces us unless essential food, coal and petroleum products are delivered without interruption. As the result of reports that procurement of these items is not now taking place there is in prospect a damaging loss of confidence on the part of the Italian Govt, which is therefore unable to plan a sound programme of relief and rehabilitation.

I see no reason why the continuation of supplies to ITALY should not cease to be a military responsibility provided that a workable alternative is substituted without delay and without any break in the flow of supplies.

I therefore ask as a matter of urgency for assurance that these essential commodities will continue to be provided without interruption particularly as regards the portion of the programme not already guaranteed financially by the UNITED STATES Govt until the end of 1945; and that I be informed of the means by which the Allied Governments propose to meet the needs of ITALY during 1946.

Dist-over

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71

~~TOP SECRET~~

FX 32009
AUG 041445B

CONFIDENTIAL

7/2698
AUG 050930B
PRIORITY

AFHQ SIGNED ALEXANDER CITE PH32G
ALL LAC ADDRESSEES INFO AL OM ROME

CONFIDENTIAL

This is LAC 1275. Ref CAL 1450.

Termination of military responsibility for civilian supplies.
Ref para 2, present records with slight adjustments seem adequate for
purpose. Following is present method of accounting for civilian
supplies:

A. Arrangements being made for tally of supplies received
in MTO from ships by WSA/BWT representing the Military/ Allied Com-
mission. Present conditions do not warrant such tallies being used
for the purpose of maintaining a claim for shortage or damage against
the carrying vessel.

B. Representatives of Italian Govt tally at dock from ships
been and take title and possession.

C. Both representatives will sign mutually agreed manifest.

D. Copies of manifest to Military and Allied Commission.

E. AC keeps proper books of account permitting identifi-
cation of country of origin at all times.

When combined responsibility terminates no change from this
procedure believed necessary to meet unilateral accounting require-
ments except as follows: At sub para A. WSA/BWT represent US/UK

~~CONFIDENTIAL~~

CONFIDENTIAL
- 2 -

military only. At sub para E. AC will keep books of account by quantity, reporting monthly directly to countries or agencies having supply responsibility.

Add sub para F. Countries of supply responsibility will cost quantitative records and bill receiving governments. Refer MAT 813 and MAT 830.

Repeat recommendations made in MAT 813 that costing and billing of recipient governments should be handled by CCAC until termination combined supply responsibility and thereafter by each supplying country separately.

Questions raised by ALLIED COMMISSION will be subject of another message.

Dist

Info-Action - Seen Sec 2
Info - Chief Commissioner
Exec Commr 2
Finance SC
Requisition Div
Feed SC 2
Tr SC 2
Coal Div
Commerce SC
File 2
Float

278

CONFIDENTIAL

SECRET

AFHQ for G-5

2996

2 Aug 45

ROUTINE

SECRET PD

I AM SERIOUSLY CONCERNED ABOUT THE POSSIBILITY OF A COMPLETE BREAKDOWN IN ARRIVAL OF SUPPLIES FOR ITALY AFTER SEPTEMBER ARRIVALS PD THE FACT IS THAT ON THE UNCLE SUGAR SIDE FOX EASY ABLE AND WAR DEPARTMENT HAVE REACHED NO DECISION PD ON THE BRITISH SIDE AN OVERCREDULOUS DEPENDENCE APPARENTLY IS BEING PLACED ON UNRRA TAKING OVER IN FUTURE WITH THE RESULT THAT FOOD AND SUPPLIES NEEDED AFTER SEPTEMBER ARE ACTUALLY NOT NOW UNDER PROCUREMENT PD

PAREN TO AFHQ FOR GEORGE DASH FIVE SECTION FROM HQ ALCOM SIGNED STONE
CITE ACEXC PAREN

UNLESS THIS SITUATION IS REMEDIED IMMEDIATELY AND CONTINUITY OF SUPPLY ASSURED GRAVE POLITICAL UNREST CAN BE EXPECTED FROM RESULTING COMPLETE BREAKDOWN IN GOVERNMENT FEEDING PLANS

278 DISTRIBUTION
 Exec Sec (2)
 Exec Commr
 CC

*US Ambassador
 By Ambassador
 Pol Advisors A & B.*

Chief Commissioner

222

ELLERY W. STONE
 Rear Admiral, USNR
 Chief Commissioner

4005/cu

See (71)

(69)

JULY 272118Z

P/1606

JULY 280900

ROUTINE

WAR FROM CGS CITE CCAC FOR CABINET SECRETARIAT.
UK BASE SECTION LONDON/ HQ ALCOM ? ALEXANDER FOR PHGEG RPTD
INFO ALLIED COMMISSION

IN CLEAR.

This is GAL 1456. Refer LAC 1217.

Wheat imports from ARGENTINA.

Civilian agencies to investigate this subject further. Exchange
information hereafter COM-MOC cable series J H HILLDRING.

DIST

INFO-ACTION HQ DIV 2
INFO CHIEF COMMISSIONER
ECON SEC
FOOD SC 2
FILE 2
PLAT

275

(68)

4505/1000

SECRETPX 26038
JULY 211237BZ/721
JULY 221000
PRIORITYSIGNED ALEXANDER CITE PHONG
ALL MAT ADDRESSES INFO ALCON ROMESee also
(51a)**SECRET.**

This is M T 830. Refer TAM 529.

Termination of military responsibility for relief supplies in
ITALY.

Agreed military responsibility for civil supplies for ITALY should terminate. Propose to phase out in accordance with program PX 11336, 23 June (which states US military commitments for procurement terminates with August loadings (September arrivals). Consider 1 September is appropriate date towards which plans here have been working pending establishment of CCS policy. This assumes that August loadings will arrive prior to end of September. Present supply accounts would be closed as soon as August loadings have been cleared thru them.

It must be repeated that the Italian economy is, and must remain for a considerable period largely dependent on imports of basic food and items essential for rehabilitation. The extent of the aid thought here to be necessary is known to you through our requisition of food supplies and the industrial program (Category A and B) recently submitted.

Since it is assumed that FEA in US and some agency in UK will procure supplies for ITALY for September through December loadings, recommend that procedure here be that ALLIED COMMISSION submit all requirements direct to CLAC in COM/MOC series. New accounts would be opened for these supplies by AC.

(69)



CONTINUATION PAGE 2

In order to insure smooth transitional period of supply or arrivals period 1 October to end of year, it must be assured that;

A. There will be an uninterrupted flow of food, essential raw materials and coal.

B. The theater be advised of all items to be shipped from the ZI after August loadings.

C. Theater surpluses are applied against existent approved requisitions and future programs submitted by ALLIED COMMISSION. Recommend this be done in ZI by screening the program against declared surpluses.

DIST

INFO-ACTION - ROOM SEC 2
INFO - CHIEF COMMISSIONER
NAME COMMISSIONER 2
REQ DIV
FINANCE SEC
FOOD SC 2
TN SC 2
COAL DIV
COMMERCE SC
FILE 2
FLOAT

2781

(67)



Exec. Comm.
PNK

EW

CC 1015
JUL 18 1945

Tel. 549

Antel by
Exec Comm

HEADQUARTERS ALLIED COMMISSION

AEO 394

ECONOMIC SECTION
Requisition Branch

HCC/CV:cl

CS

17 July 1945

MEMORANDUM:

TO : The Chief Commissioner, Allied Commission.

1. Reference is made to your memorandum of 14 July 1945, subject Appendix "A" of HCC Airgram 77. (59 a)

2. Total tonnage for the period under review is estimated at 2,600,000 metric tons. Based upon the proposed coal allocation, approximately 30% of this tonnage should arrive in October and 35% in each of November and December, i.e.:

October	-	780,000	Metric Tons
November	-	910,000	" "
December	-	910,000	" "
Total		2,600,000	" "

(1 short tons, 2,000 lbs = .9072 metric tons)

3. Whereas the Italian Government specifically requested that the supplies asked for in the first section of the transitional program (HCC Air. 57 - for month of Sept. '45 only = 710,000 metric tons) be considered category "B" but that they should have absolute priority over all the other supplies requested in Category "B" of the "Program of Essential Italian Imports-1945", and, that the U.S. and U.K. should supply all items in the original "Program Essential Italian Imports-1945" which have definitely been classified as Category "A" be they raw materials or finished products, --the Italian Government desires to seek credit to finance particularly these supplies of raw materials necessary to the Industries in the North; however, until some firm Statement can be made as to the fate of the Category "A" portion of "Program Essential Italian Imports-1945" and as to new procedures which may be entailed if the \$ 100,000,000 FEA appropriation is approved, it may be necessary to submit that certain items in the October-December Transitional Program should be treated as Category "A" items under either the old or a new definition. In this connection, a copy of Col. Butterworth's (G-5, AFHQ) report to G-4 (civil) of 13 July 1945, subject "Program for Rehabilitation of Italy" is attached.

1-enclosure.

7 H. C. QUATIER
Lt. Col., Q. M. G.
Economic Section

4005/cv

3-52

Program for Rehabilitation of Italy

3 2-5 C-4 13 July
22-11 1945

1. When I left Washington, no final procedure had been agreed on who would be responsible for determining what supplies would be furnished to Italy under the FEA budget for the four months September - December inclusive. It was generally believed in the International Division that the initiative should be taken by FEA to determine the items and quantities to be furnished and to program the shipments for the period. International Division stood ready to assist FEA if asked to do so. The program would be submitted to the International Division passed for shipment, at which time the army would assume responsibility through the Transportation Corps for picking up supplies at factory, transporting to port and arranging shipment to Italy. It was further assumed that the accounting for these supplies would be assured by WFOUSA or its successor by means of tally from the ship to the dock (FEA will function for the Allied Commission under the present system and could continue to do so for the military). The Italian Government would become responsible for the supplies at the end of the ship's boat. Signing by agents of both army and government would constitute a release for the army.

2. In connection with the determination of what supplies are to be furnished it was felt that FEA would be guided in its program by advice from the Italian Government/A.S. through the COM-SEC series. This would eliminate AFHQ in general and C-5 in particular from any responsibility, after August shipments (September arrivals.)

3. There is no information on coordination with the British. In Washington they had requested that the combined effort be continued. War Department had officially advised that as of 1 September, supply would be on a unilateral basis since the War Department had no money in its budget to continue civil supplies to the Mediterranean. It is my understanding that since the FEA supplies are furnished to the Italian Government that this headquarters has no responsibility; that the Italian Government may dispose of the supplies so received in any manner they see fit, limited only by such arrangements as may be made with FEA, which of course would be colored by military wishes as long as American troops are still in Italy.

4. These views are my own. They are not official, but are based on the best information that was available at the end of June when I was in Washington. The International Division had assured me that they would get the final official policy to us at the very earliest possible moment.

2781

J. E. BUTTERWORTH
Colonel, U.S.C.
Chief, Economics & Supply Division

66 INC

EWS/cjj
14 July 1945

MEMORANDUM TO: Requisition Branch, Economic Section
(Attn: Lt Col Quartier)

(59) *u*

(62)

With reference to your memo of 11 July, file 312.2, inclosing
MOC AIRGRAM 77 - in regard to Appendix A:

What is the total tonnage requested for period under review,
by months, in Category A, Category B and total?

E.W.S.

See (66)

277
277

4005/11

(65)

HEADQUARTERS ALLIED COMMISSION

APO 394

Economic Section
Requisition Branch

Tel. 549

HOQ:lek

Ref. RB 312.2

13 July 45

SUBJECT: CAL Airgram 39, COM Airgram 38 and MOC Airgram 77.

TO: Mr. S. M. Keeny, Chief,
UNRRA Italian Mission
THROUGH Col. Belser
AC Liaison Officer to UNRRA.

1. Attached are two copies each of CAL Airgram 39, COM Airgram 38 and MOC Airgram 77, which are forwarded for your information and any action you may deem necessary.

6 Incls.

Incl. 1.- CAL Airgram 39 (2 copies)
2.- COM " 38 2 "
3.- MOC " 77 2 "

H. C. [Signature]
Lt. Col., QMC
Economic Section

CC to Chief Commissioner's Office
(Refer Memorandum 12 July 45)

277

400/100

(64)

12 July 1945.

MEMORANDUM TO: Acting Vice President, Economic Section
ATTENTION: Requisition Branch.
(TGW: Executive Commissioner)

(57) It is requested that two copies each of your memorandum of 9 July enclosing copies of CAL Airgram 39 and COM Airgram 38 and of your memorandum of 11 July enclosing MOC Airgram 77 be forwarded to Mr. S. M. Keeny, Chief, UNRRA Italian Mission. (62)

(59) This request is made because of the fact that UNRRA may be called upon to make an even greater contribution to the relief program in Italy than it now makes.

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

cc: Exec. Commr.

2775

(Received 17/7 by Mr. Keeny)

4005/22

(63)

HEADQUARTERS ALLIED COMMISSION
APO 394
Economic Section
Requisition Branch

Tel. 549

RS Ref. 312.2

CC 1655
JUL 11 REC'D

HQ:1sk

11 July 1945

MEMORANDUM:

TO: Chief Commissioner ✓
American Embassy
British Embassy
Petroleum Section

(59) a

1. Attached is HQC AIRGRAM 77 relative to the Revision of Program of Essential Italian Imports 1945.

2. This Airgram is forwarded for your information and any action you may deem necessary.

H. C. Quarter
H. C. QUARTER
Lt. Col., QMC
Economic Section

Incls. as per para 1.

2775

(62)

Referring Appendix A,
What is Total Tonnage requested for period
under review, by month
Cat A Cat B Total
? ? ?
Enc. 1

14/7

4005-1-9005

SECRET

HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

JUL 1945
CC 1757

13018/F

11 July 1945

SUBJECT: Imported Civilian Supplies.

TO : Chief Commissioner, A.C.

1. In compliance with your request there is transmitted herewith a statement of the estimated tonnage of civilian supplies shipped to Italy through 31 May 1945. The statement which is classified according to types of commodities shows an aggregate of 2,956,447 tons.

2. It is not possible to prepare a reliable estimate of the value of these supplies. Cost statements received from London and Washington are neither current nor final. The latest statement (base procurement costs) forwarded from London on U.S. shipments covers supplies purchased only through 31 December 1944; the latest statement (landed costs) from Washington on U.S. shipments is through 30 April 1945. Furthermore as will hereinafter be explained, the statements from the two governments have not been prepared on the same basis.

3. Sometime back the Finance Sub-Commission undertook to consolidate the U.S. and U.K. statements through 31 December 1944 by making adjustments so far as practicable to bring the total values to an estimated landed cost figure. Such action was necessary as the U.S. landed cost statement included marine insurance and ocean transportation, whereas the British statement did not reflect these expenses. The consolidated statement compiled in this manner showed an aggregate of 1,864,000 tons of a computed landed cost value of \$209,149,000. In view of the various assumptions that had to be made, the statement can be considered no more than an approximation of the value of the supplies. The tonnage figure is reliable.

4. For the additional supplies shipped after 31 December 1944, no sound method of ascertaining values appears possible. An enormous increase took place in the variety of commodities imported (e.g. industrial, mining and agricultural, commercial, etc.). Many articles have been shipped on which AC has no cost price. (In this connection it may be stated that CCAC has been asked repeatedly to have costs inserted on shipping documents but the great majority of imports, especially technical supplies, arrive without this information). In the limited time available since your telephone call

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40057C

(61)

- 2 -

last evening, a very rough estimate has been made. The figure so obtained would place the value for all supplies shipped through 31 May 1945 in excess of \$300,000,000.

5. It is strongly recommended that no valuation figure on civilian supplies be given for publication at this time. Aside from the absence of complete cost statements, as previously mentioned, there exists a further impelling reason. Under a change of procedure notified by CCAC in May 1945, a Landed cost Sub-Committee has been up in Washington. The Committee is now undertaking to arrive at the "average weighted landed cost" for each commodity. The figure so computed is to be used as the cost price per unit at which the quantity of each commodity delivered will be billed to the Italian Government. As yet the Finance Sub-Commission has received no report from that body. For this reason it is felt that the release of any valuation - even a rough approximation - would be premature, and might conceivably embarrass subsequent negotiations in billing the Italian Government.

R. H. Henshaw
Joint Director,
Finance Sub-Commission.

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(U)

SECRETALLIED COMMISSIONEstimate of Civilian SuppliesShipped to ItalyThrough 31 May 1945

<u>Classification of Commodities</u>	<u>Tonnage</u>
Foodstuffs	1,609,906
Medical and Sanitary Supplies	3,407
Soap	7,579
Transportation Equipment	5,864
Other Utility Repair Equipment	103
Clothing, Shoes and Textiles	1,632
Agricultural Supplies & Equipment	131,153
Industrial and Other Equipment	1,460
Miscellaneous Materials and Products	8,602
Coal (Estimated)	671,741
Petroleum Products (Estimated)	515,000
Total	<u>2,956,447</u>

277

(61)

SECRET

ALLIED COMMISSION
Estimate of Civilian Supplies
Shipped in Italy
Through 31 December, 1944

Commodity Classification	Tonnage	Value (a)
Foodstuffs	1,117,668	162,568,106
Medical and Sanitary Supplies	2,266	6,349,721
Soap	7,579	1,373,770
Transportation Equipment	294	188,080
Other Utility Equipment	96	219,590
Clothing, Shoes & Textiles	1,091	3,467,226
Agricultural Supplies	64,508	7,306,438
Industrial Repair Equipment	890	372,531
Miscellaneous Products	7,870	2,652,068
Coal (Estimated)	371,741	11,152,230
Petroleum Products (Estimated)	290,000	13,500,000
TOTAL	1,864,003	\$ 209,149,760

- (a) This value as reported constitutes merely an approximation of the cost. Complete landed cost figures for U.S. and U.K. are not available in Allied Commission.

CONFIDENTIAL

FX 20251

JULY

E/9108

JULY 110900

PRIORITY

ALEXANDER CITE RDEEG

HQ ALCOM

CONFIDENTIAL. (Refer MAT 650, 767, 787. This is MAT 813)

Costing civilian supply accounts ITALY and BALKANS.

1. Serious concern felt here over delay in costing of civilian supply accounts preparatory to billing recipient governments. Also anticipate inadequate personnel and considerable technical difficulty in applying landed costs to our quantitative records at long distance from committee which has developed unit cost data.

2. Following proposed for your consideration:

(a). We would close our Italian and Balkans quantitative supply records, by months as completed and send them to you.

(b). Landed cost sub-committee would apply landed costs to these records, using TAM 228 procedure or combined weighted unit landed average costs under TAM airgram 42 as appropriate. Same agency would prepare bills for Italian and Balkans governments in whatever form directed by you.

(c). If desired, this HQ could present the bills to recipient government.

3. We feel this procedure would speed up whole process of billing and would at same time preserve principle of costing and billing by combined military. We would also be able to spare a few Balkans accountants at early date to assist in WASHINGTON.

4. Understand objection to using TAM airgram procedure prior to cut of date is due to WASHINGTON records being on theater basis. Suggest overcoming difficulty by adjusting WASHINGTON records by reference to SACMD monthly reports of civilian supplies showing all shipments received for Italian use.

Note: distribution on back of page.

CONFIDENTIAL

INTRODUCTION

D14

ACTION FINANCE EC
INFO CHIEF COMMISSIONER
ECOM SEC
REQUIS DIV 2
PLIN 2
FLOAT

...in the field of technical education in order to help the Government to bring technical education to the people of the country.

[illegible]

and follow-up treatment in relation to the

20. If desired, this document may be used to request a review of the information.

1-38

One to three or four Salvinia specimens at each site to be collected.

1. The above information was obtained from the files of the FBI, New York Office, and is being furnished to you for your information.

REMARKS: Results of reference to 1960-1961 monthly reports of various agencies.

11 elements received for testing are:

1990-1991

THE UNIVERSITY OF CHICAGO PRESS

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HEADQUARTERS ALLIED COMMISSION

RESTRICTED

APO 394

Economic Section

MOG AIRGRAM 77, 10 July 1945

VIA OFFICER-COURIER

FROM:

ALCOG CITE ACEGO

TO :

COAC FOR CLAC

SUBJECT:

Revision of Program of Essential Italian Imports 1945.

1. Reference is made to COM 134 and MOG AIRGRAM 57.
2. The Central Economic Commission of the C.I.N.A.I., at the request of the Italian Government, has prepared a Transitional Program of Essential Imports to cover the period September - December 1945. Section 1 of this Transitional Program, covering the month of September, was sent to the Combined Liberated Areas Committee as MOG Airgram 57.
3. The Central Economic Commission has prepared two further sections of the Transitional Plan, one covering the month of October 1945 and the other the two months November and December 1945.
4. The attached list of requirements for the quarter October - December 1945 is a summation of the two lists prepared by the Central Economic Commission, modified in certain details in Allied Commission.
5. Until some firm statement can be made to them as to the fate of the Category A portion of the Program of Essential Italian Imports 1945, it has been decided not to ask the Italian Government to enter into any firm commitment for the financing of all or part of this October-December Transitional Program.
6. The consolidated list of requirements for October-December is therefore forwarded to CLAC (S) as a guide against which specific requisitions can be prepared in Washington by the Italian Technical Mission; this is a proposed extension of the procedure on the September Section (MOG Airgram 57) adopted by CLAC (S) (See paragraph 6 of CLAC (S) 22).
7. The adoption of this procedure is not, however, to be taken as indicating that the October-December Section of the Transitional Program is accepted (as was the September Section) by the Italian Govern-

2. The Central Economic Commission has prepared two sections of the Transitional Plan, one covering the month of October 1945 and the other the two months November and December 1945.

4. The attached list of requirements for the quarter October-December 1945 is a summation of the two lists prepared by the Central Economic Commission, modified in certain details in Allied Commission.

5. Until some firm statement can be made to them as to the fate of the Category A portion of the program of Essential Italian Imports 1945, it has been decided not to ask the Italian Government to enter into any firm commitment for the financing of all or part of this October-December Transitional Program.

6. The consolidated list of requirements for October-December is therefore forwarded to CLAC (S) as a guide against which specific requisitions can be prepared in Washington by the Italian Technical Mission; this is a proposed extension of the procedure on the September Section (DOC Airgram 57) adopted by CLAC (S) (See paragraph 6 of CLAC (S) 22).

7. The adoption of this procedure is not, however, to be taken as indicating that the October-December Section of the Transitional Program is accepted (as was the September Section) by the Italian Government as a charge on its Category B funds (see para 5 above). When definite information is received on the status of the Category A program and on any new procedures which may be entailed if the \$100,000,000 PEA appropriation is approved, it may be necessary to submit that certain items in the October-December Transitional Program should be treated as Category A items under either the old or a new definition.

8. Translations of the explanatory notes which accompanied the October and November/December programs prepared by the Central Economic Commission are transmitted herewith for information. These papers do not reflect the modifications introduced in the lists by Economic Section, AC.

9. In COM 124 CLAC stressed that this October-December program should reach Washington not later than 15 July. In order to meet this deadline Allied Commission has pressed the Italian Government to produce the best possible estimate of its requirements that could be made in the time available. Because of the time shortage the review of these requirements in Allied Commission has necessarily been superficial. Any inconsistencies which may subsequently come to light will be dealt with in later messages.

(59) a.

See (85)

See (62)

2763

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NOG AIRGRAM 77, 10 July 1945, continued:

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10. The total coal requirement shown in the lists is 1,230,000 tons. This is the figure remaining after deleting 210,000 tons of metallurgical coke reclaimed by the Central Economic Commission as a necessary import but deleted by Allied Commission on the grounds that sufficient coke will be produced in Italy to meet her needs during the last quarter. The requirements listed in the program are therefore related to a total coal and coke requirement of 1,440,000 tons. Coal Division, AG, program of coal importation for the last quarter of 1945 is based on 568,000 tons a month or a total of 1,704,000 tons for the quarter, which is lower than the Italian estimated requirement by 300,000 tons.

11. The requirements of petrol, oils and lubricants included in the plan have been submitted to Petrol Section, AMHQ, whose comments, when received, will form the subject of a further airgram.

Distribution

Combined Civil Affairs Committee
(Combined Liberated Areas Committee)
3C-366 Pentagon Building
Washington 25, D. C.

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Transitional Program of Essential Italian Imports 1945
Section 2 - October

Imports of Supplies and Raw Materials Essential for the
Reactivation of Italian Industry

Page

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| 1. Present working capacity of the Italian transport system. | 1. |
| 2. Requirements of coal, allocation among industry groups and expected production. | 1. |
| 3. Degree of employment rendered possible by the provision of raw materials in the quantities requested in the Plan. | 5. |
| 4. Classification and weight of supplies and raw materials requested. | 7. |

system.

1. Requirements of coal, allocation among industry groups and expected production.
2. Degree of employment rendered possible by the provision of raw materials in the quantities requested in the Plan.
3. Classification and weight of supplies and raw materials requested.

2767

(59) a

Translation

Transitional Program of Essential Italian Imports 1945
Section 2 - October

1. Present working capacity of the Italian transport system.

Destruction by war and removal by the enemy have reduced the main classes of railway rolling-stock in Italy as follows:

	<u>1938</u>	<u>October 1945</u>	<u>1/</u>	<u>Reduction from 1938</u>	<u>Percent remaining</u>
Steam locomotives	4,163	1,231		2,234	46%
Electric locomotives	1,316	1,465		851	35%
Freight cars	128,750	15,000		113,750	35%

In assessing the effect of destruction it should be borne in mind that the use which can be made of the present rolling-stock is lower than in 1938 because of destruction of and damage to the fixed installations; on the other hand, in 1938 the freight cars then available were not fully utilized and, moreover, the 1938 car turn-round could be considerably improved upon.

Taking into account these opposing factors it is calculated that with the disposable rolling-stock a volume of traffic could be handled equal to 35% of pre-war.

In 1939 there were in Italy about 150,000 motor trucks; this number has been reduced to 45,000 units, i.e., to a capacity equal to 35% of pre-war.

It is reckoned that the carrying capacity of the coastal shipping has been reduced in the same proportion: the contribution of internal water transport, in the country as a whole, is comparatively negligible.

Steam locomotives	4,163	1,931	2,234	46%
Electric locomotives	1,316	165	851	35%
Freight cars	128,750	45,000	83,750	35%

In assessing the effect of destruction it should be borne in mind that the use which can be made of the present rolling-stock is lower than in 1938 because of destruction of and damage to the fixed installations; on the other hand, in 1938 the freight cars then available were not fully utilized and, moreover, the 1938 car turn-around could be considerably improved upon.

Taking into account these opposing factors it is calculated that with the impossible rolling-stock a volume of traffic could be handled equal to 35% of pre-war.

In 1939 there were in Italy about 130,000 motor trucks; this number has been reduced to 45,000 units, i.e., to a capacity equal to 35% of pre-war.

It is reckoned that the carrying capacity of the coastal shipping has been reduced in the same proportion: the contribution of internal water transport, in the country as a whole, is comparatively negligible.

It is concluded that the capacity of the Italian transport system can be assessed at about 35% of pre-war traffic.

2. Requirements of coal, allocation among industrial concerns and expected production.

Since many of the plants which use coal are located on the coast and the internal transport system is therefore not burdened, it is reckoned that the quantity of coal which can be utilized by the Italian economy should be reduced in a less proportion than that in which the capacity of the transport system has been reduced. Specifically, whereas the transport capacity is reduced to 35%, the need of coal comes down only to 40%.

✓ Taking into account repairs and new construction which can be made in the period June through September.

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On the basis of a normal Italian consumption of 1,200,000 tons per month the requirement for October is 480,000 tons.

This quantity is allocated among the different industry groups in the following proportions:

Allocation of Coal

	<u>Normal Monthly Consumption</u> (000 tons)	<u>Allocation for October 1945</u> (000 tons)	<u>Percentage of normal consumption</u> %
Railways	150	50	33
Gas Works	125	36	30
Coking plants	80	44	50
Blast-furnaces	80	5	8
Steel-works	80	27	33
Non-ferrous metals	25	8	33
Mechanical engineering	30	15	50
Lime, cement and bricks	150	75	50
Earthenware and glass	35	17	50
Textiles and clothing	37	18	50
Rayon	28	9	33
Chemicals	100	50	50
Rubber	10	6	60
Paper	16	7	60
Cellulose	7	-	-
Sugar	25	-	-
Other foodstuffs	45	30	60
Electricity	40	8	20
Various industries	50	25	50
Domestic use	112	50	45
	<u>1,215</u>	<u>480</u>	<u>40%</u>

The following observations are made on the above allocations.

Railways: The allocation to the railways is proportionate to remaining freight cars.

Coking plants	90	44	50
Blast-furnaces	80	5	8
Steel-works	80	27	33
Non-ferrous metals	25	8	33
Mechanical engineering	30	15	30
Lime, cement and bricks	150	73	30
Earthenware and glass	35	17	50
Textiles and clothing	37	16	50
Rayon	28	9	33
Chemicals	100	50	50
Rubber	10	6	60
Paper	16	7	60
Cellulose	7	7	20
Sugar	25	30	20
Other foodstuffs	45	8	50
Electricity	40	25	45
Various industries	50	50	
Domestic use	112	50	
	<u>1,215</u>	<u>480</u>	<u>1,044</u>

The following observations are made on the above allocations.

Railways: The allocation to the railways is proportionate to remaining freight cars.

Gas Works: An allocation of 30% of normal corresponding to an average between 40% of normal for the provinces of central and southern Italy where there is no electrical power available and 20% of normal for the provinces of the north where there is a greater possibility of obtaining supplies of electricity for domestic purposes.

Coking plants: For the month of September 30,000 tons of coal were requested, sufficient for starting up and for the building up of initial stocks. For October the request is raised to 44,000 tons with a view to resumption of full production, which can take place between the end of October and the beginning of November.

Plant Furnaces: In October the only plant in production will be that of Ilva, with an output of 2,000 tons of pig-iron.

Steel Works: The steel industry will produce in October: 30,000 tons of steel from electric furnaces; 15,000 tons of steel from Martin furn-

nares, using 10,000 tons of coal; 15,000 tons of pig-iron from electric furnaces which should be added to the 4,000 tons to be produced at Ilvaia.

A further 17,000 tons of coal is requested for rolling the 45/50,000 tons of steel which are available and for other processing.

Because of the limited production of steel in October it is necessary to cover by importation some of the needs of steel products, among which are homogeneous iron in bars and in strips (2,000 tons), tin to (4,000 tons), and magnetic sheets (1,800 tons).

Non-ferrous metals: With an allocation of 8,000 tons of coal it is expected that the non-ferrous metal group will be restarted with an output one third of normal.

Mechanical engineering: The allocation to this group has been fixed at 15,000 tons in view of the fact that 6/7,000 tons of fuel are required for railway and automobile construction plants which will be employed to their maximum capacity. The automobile industry will produce in October 2,135 medium trucks, 155 heavy trucks and 4,950 motor cars (or light trucks). The group producing railway materials, in addition to undertaking important repair work, will produce about 1,000 new freight cars. The electrical engineering industry will be in a position to work at full capacity, applying itself especially to reconstruction and repair of electric power plants and to the production of railway requirements.

Lime, cement and bricks: An allocation equal to 50% of normal consumption will provide for a production of 325,000 tons of cement with a consumption of 35,000 tons of coal and leave 10,000 tons of coal for the production of lime and bricks over and above any allocation of coke.

Earthenware and glass: A 50% reactivation is planned for both sections, which are especially important for the production of insulators and sheet-glass.

Textiles, clothing and rayon: The allocations of coal and specific raw materials to various sections of the textile industry are set out in the following table.

Section

required for railway and automobile construction will be employed to their maximum capacity. The automobile industry will produce in October 2,185 medium trucks, 455 heavy trucks and 4,350 motor cars (or light trucks). The group producing railway materials, in addition to undertaking important repair work, will produce about 1,000 new freight cars. The electrical engineering industry will be in a position to work at full capacity, applying itself especially to reconstruction and repair of electric power plants and to the production of railway requirements.

Lime, cement and bricks: An allocation equal to 50% of normal consumption will provide for a production of 325,000 tons of cement with a consumption of 35,000 tons of coal and leave 10,000 tons of coal for the production of lime and bricks over and above any allocation of coke.

Earthmovers and glass: A 50% reactivation is planned for both sections, which are especially important for the production of insulators and sheet-glass.

Textiles, clothing and rayon: The allocations of coal and specific raw materials to various sections of the textile industry are set out in the following table.

Section	Coal Tons	Other Materials Tons
Cotton		Cotton 6,000
Wool for textiles		Washed wool 1,000
Wool for felts		" " 250
Jute	10,000	Jute 1,000
Hemp		" "
Rayon		Cellulose 3,000

With the above allocations it will be possible to reactivate the industry to about 50% of its capacity, except that for rayon the percentage will be 25%. The textile industry as a whole will have 40% of the supplies worked in 1938.

Chemicals: 50% of normal consumption is allocated to the chemical industry to resume production of a number of products which are absolutely essential to most branches of industry.

50,000 tons of phosphor rock have been requested equivalent to 75% of normal consumption.

It is desirable that production for the 1946 season should start in October. Italian consumption of sulphate before the war averaged 120,000 tons a year requiring 30,000 tons of copper. For 1946 this consumption could be reduced to 20,000 tons with a corresponding need of 20,000 tons of copper. As production should be completed by April 1946 there is a monthly requirement of blister copper - from October through April - of 3,000 tons, which in addition to the 10,000 tons of copper (electrolytic and in wire bars) requested for other purposes, especially for electrical engineering.

Rubber: It is not proposed to produce synthetic rubber. 1,300 tons of rubber are required for the rubber and cable industries, equivalent to 65% of normal consumption; the corresponding consumption of coal is 6,500 tons.

Paper Mills: The importation of 8,000 tons of cellulose and an allocation of 7,000 tons of coal is planned for the paper industry. The production thus obtained will be about 6% of normal. It is not proposed to resume production of cellulose.

Foodstuffs: The allocation of 30% of normal consumption to the food preserving industry is justified by the necessity to utilize perishable agricultural products (milk, meat, fruit, yeast and vegetables) to the maximum and to augment the production of rationed foodstuffs for civil consumption.

An even more indispensable requirement, in addition to the foregoing, springs from the necessity for the daily baking of bread, especially in large centers where supplies of wood are not always obtainable.

Electricity: In October the electric power industry should not need to consume coal: the 20% allocation indicated would serve to start replenishment of the bunkers of the thermal power plants.

Various industries: The allocation is equivalent to 50% of normal consumption. The following industries (among others) belonging to this group have no significant consumption of coal but require other important materials:

- a. Leather and shoes: It is proposed to reactivate to 70% of productive capacity and it is therefore planned to import hides to augment the national supply.

Foodstuffs: The allocation of 70% of normal consumption to the food preserving industry is justified by the necessity to utilize perishable agricultural products (milk, meat, fruit, yeast and vegetables) to the maximum and to increase the production of rationed foodstuffs for civil consumption.

An even more indispensable requirement, in addition to the foregoing, springs from the necessity for the daily baking of bread, especially in large centers where supplies of wood are not always obtainable.

Electricity: In October the electric power industry should not need to consume coal: the 20% allocation indicated would serve to start replenishment of the bunkers of the thermal power plants.

Various industries: The allocation is equivalent to 50% of normal consumption. The following industries (among others) belonging to this group have no significant consumption of coal but require other important raw materials:

- a. Leather and shoes: It is proposed to reactivate to 70% of productive capacity and it is therefore planned to import hides to augment the national supply.
 - b. Timber: To meet first needs it is necessary to plan for an allocation of 150,000 tons of timber equal to 50% of present production. It is to be borne in mind that the internal needs have greatly increased on account of reconstruction requirements. National production is reduced to a minimum because of the irrational felling during the last few years.
 - c. Electric light bulbs: The raw materials requested correspond to a production of 24 million bulbs, equivalent to 50% of normal production.
- Domestic use: The impoverishment of Italian forests has resulted in an availability of fuel for domestic purposes which is small in comparison with the need. 50,000 tons have therefore been allocated to this sector.

3. Devotion of employment rendered possible by the provision of raw materials in the quantities requested in the plan.

The Italian Census of 1936 records employment in industry as. 5,375,000 persons. Of these, however, 1,001,000 persons were recorded as employers, small employers and tradesmen not strictly classifiable as employed in industry.

Therefore, the number directly employed in industry is. 4,374,000 persons

The following table shows the division of this total among the various sections as given in the Industrial Census of 1937-40 and the employment expected in October 1945 on the basis of the allocations asked for in this plan.

Industry:	Normal employment (000)	Employment expected in October '45 (000)	Percentage %
Extractive	137	86	63
Timber	203	215	76
Foodstuffs and drinks	669	415	62
Metallurgy	104	70	70
Mechanical engineering	847	329	46
Non-metallic minerals	207	181	87
Building	559	300	54
Chemicals	123	73	57
Paper	56	20	36
Printing	70	50	42
Leather	215	123	57
Textiles	629	255	40
Clothing	309	200	66
Power and gas	42	40	95
Miscellaneous	119	90	75
	<u>4,374</u>	<u>2,447</u>	<u>56%</u>

2762 The above table shows a difference between normal employ-

Industry:	(1936)	October 1942	%
Extractive	127	86	63
Timber	25	215	76
Foodstuffs and kindred	669	445	62
Metallurgy	101	30	30
Mechanical engineering	347	339	46
Non-metallic minerals	207	181	87
Building	559	300	54
Chemicals	128	73	57
Paper	56	20	36
Printing	70	30	42
Leather	215	123	57
Textiles	629	256	40
Clothing	309	200	66
Power and gas	42	40	95
Miscellaneous	119	90	75
	<u>4,374</u>	<u>2,447</u>	<u>56%</u>

2762

The above table shows a difference between normal employment and employment estimated for October of about 2,000,000 persons. Any broad assessment of the unemployment situation in October must, however, take into account that in the last few years, owing to military call-up and to the employment of workers outside Italy, new labor has been drawn into various industry groups from the rural areas or from the female population. With the return to civil life of the conscripted men and the return of workmen now abroad, there will be a body of workers dependent on industry numbering considerably more than the 4,374,000 recorded in the 1937-40 census. Consideration must also be given to the effect of a limited industrial production on employment in that area (which, according to the 1936 census, employed 1,200,000 persons), in transport and communications (702,000), as well as in the services of small employers included in the Industrial Census and numbering 1,006,000, who, as pointed out above, are not included in the table. It must also be remembered that progressive restriction of work in the various stages of production and the need to build up stocks, both in industry and in commerce, may well retard the effect of imports on industrial employment.

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In conclusion, it can be estimated that, even with the supplies asked for in this plan, unemployment in Italy may be of the order of 3,000,000 or more persons.

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Declassified E.O. 12356 Section 3.3/NND No.

785015

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C. L. N. A. I.

COMMITTEE ON NATIONAL LIBERATION OF NORTH-ITALY
GENERAL ECONOMIC COMMISSION

TRANSITIONAL PROGRAM 1945

PART III

NOVEMBER - DECEMBER

IMPORTATIONS OF RAW MATERIALS
AND
ITEMS ESSENTIAL FOR THE REACTIVATION OF ITALIAN INDUSTRY

1 4 4 4

785015

TRANSITIONAL PROGRAM 1945

PART III

NOVEMBER - DECEMBER

IMPORTATIONS OF RAW MATERIALS
AND
ITEMS ESSENTIAL FOR THE REACTIVATION OF ITALIAN INDUSTRY

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TRANSLATION

TRANSITIONAL PROGRAM 1945
SECTION: NOVEMBER - DECEMBER1. Possibilities of improving the Italian System of transportation.

The Allied Commission has requested that the list of requirements for the whole transitional Program 1945 should be prepared before presenting the requirements for the period November-December, that was not included in the two sections previously submitted.

As regards their request, that has been forwarded for information to all the Industrial Committees on the 28th of the past month, lists of requirements have been made and are attached in Appendix A.

As for the policy followed in making up the November-December section of the plan, it is pointed out that, unfortunately there is no possibility in these two months of counting on any greater progress as compared with the previous two months. In fact the crisis of means of transport will not have been solved much by the production and repairs made during the two previous months, and we have no information as to the eventual allocation of military vehicles, to be used to integrate the deficient railway and motor transport system of Italy.

Considering however the military situation in Italy, it seems likely that before November a certain allocation of military vehicles may be obtained; in that case it would be possible to exploit the Italian industry at a higher rate than at present. It is also to be remembered that the transitional program has been made in monthly sections on purpose so as to be able to take into consideration extraordinary increments in the Italian traffic capacities.

The industrial production in November-December that it will be possible to obtain with the available transport system, will certainly not be above the preceding months' production, and it will leave an unemployment estimated at not less than 2,000,000.

Owing to the necessity of reducing this unemployment and at the same time of obtaining a further availability of industrial products it is probable that supplementary requests for raw materials may be forwarded, as soon as we are informed of the Allied decisions as regards the "surplus" of vehicles existing in the Mediterranean theatre that could be assigned to Italy.

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2. Variations introduced in the November-December Section in comparison with the previous months.

The slightly greater capacity of the transport system was made use of particularly in the following sectors:

2751a Gas works: The increased requirements of the civilian population during the winter months of November and December call for a greater allocation of coal to the gas works. The 36,000 tons allocated in the month of October has therefore been brought up to 50,000 tons a month. It must be remembered that during November, in Northern Italy, the winter scarcity of flow in the rivers begins and that therefore the amount of electric power available for domestic purposes is considerably reduced.

Chemical coke works: The allocation of coal to the chemical coke works is increased from 44,000 to 70,000 tons a month on account of the necessity of giving as much power as possible to this sector which is bound up with the production of nitrogenous fertilizers and many other products which are vital for our industries. During the months of November-December the coke works will be able to increase their production considerably as they will have put their plants in order pro-

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viously and the batteries will have been started up.

Iron and steel and other metals: The allocation of coal has been raised from 27,000 to 40,000 tons a month to allow for the gradual reactivation of the iron and steel industries so indispensable for the revival of all other industrial branches and from 8,000 to 12,000 for the non-ferrous metals. The requests for iron and steel supplies - iron rods and strips, bars, tinplate, magnetic sheets - are lower than those for October, account having been taken of the greater local production.

Chemical industries: The increase of 10,000 tons of coal a month (from 50,000 to 60,000) is justified by the necessity of increasing production, which is indispensable for industrial recovery. The availability of by-products of the coking plants will make possible the restarting of important chemical plants.

Electrical industries: In the month of November it is necessary to begin compensating for the decreased amount of electricity produced by the hydroelectric stations by making use of coal-produced electric power and therefore it will be necessary to bring the allocation of coal up to 25,000 tons a month.

Domestic uses: It is estimated that it will be necessary to allocate 100,000 tons of coal a month corresponding to 35/40% of the normal consumption in the winter months.

For non-ferrous metals, mechanical production, rubber and rayon sectors slight increases in the allocation of coal are foreseen in relation to the gradual development of activity in November and December.

For the industries, on the other hand it is foreseen that a reduction in allocation of coal will take place, (from 30,000 to 20,000 tons a month) in view of the reduced activity of this sector in the winter months.

It must be remembered that the total amount of coal - 604,000 tons - corresponding to about 50% of the average monthly consumption is not more than 40% of the consumption of coal in November and December in normal times.

It is for the same reason that, in the following table, the percentage values referring to the monthly averages are not shown, as they have no real meaning because of the seasonal differences in consumption.

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It must be remembered that the total amount of coal - 604,000 tons - corresponding to about 50% of the average monthly consumption is not more than 40% of the consumption of coal in November and December in normal times.

It is for the same reason that, in the following table, the percentage values referring to the monthly averages are not shown, as they have no real meaning because of the seasonal differences in consumption.

Coal Distribution

	<u>Monthly Allocation</u>	<u>Allocation for Nov. & Dec.</u>
Railways	50,000 tons	100,000 tons
Gas works	50,000 "	100,000 "
Chemical coke works	60,000 "	120,000 "
Furnace coke works	5,000 "	10,000 "
Iron & steel industry	40,000 "	80,000 "
Non-ferrous metals industry	12,000 "	24,000 "
Mechanical industry	20,000 "	40,000 "
Lime, cement, brick works	75,000 "	150,000 "
Earthenware & glass factories	17,000 "	34,000 "
Textile & clothing industry	18,000 "	36,000 "
Rayon industry	12,000 "	24,000 "
Chemical industry	60,000 "	120,000 "
Rubber industry	8,000 "	16,000 "
Cellulose industry	-	-
Paper industry	7,000 "	14,000 "

(continued on Page 3)

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Coal Distribution
(continued)

	<u>Monthly Allocation</u>	<u>Allocation for Nov. & Dec.</u>
Sugar industry	20,000 tons	40,000 tons
Other alimentary industry	25,000 "	50,000 "
Electrical industry	25,000 "	50,000 "
Various industry	100,000 "	200,000 "
Domestic uses	<u>604,000 tons</u>	<u>1,208,000 tons</u>

From the above amount of 604,000 tons of coal a month, must be subtracted national production, calculated at 90,000 tons a month, as for the month of October, in consideration of the uncertain conditions in Istria.

The entire requirements of coal for the period November - December amount therefore to 1,030,000 tons.

The requests of other materials for the same period and for a quantity amounting to 1,150,000 tons, were made in relation to the program of activities which it is possible to carry out, in the various industrial sectors, with the quantities of coal allocated.

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RESTRICTED

Transitional Program of Essential Italian
Imports 1945 Section 2 - (October - December)

APPENDIX A

Imports of Supplies and Raw Materials Essential for the
Reactivation of Italian Industry

1. Quantities given below are requirements for the entire Fourth Quarter (October through December) 1945.
2. Quantities requested for Section 1 - September 1945 - are set out in Appendix A to MCC Airgram 57 of 30 May 1945.
3. References in Columns 4 and 5 are to the Program of Essential Italian Imports 1945.

Description (1)	Unit (2)	Requested for Oct. - Dec. (3)	Requisition (4)	Item No. (5)
A. Fuels, solid and liquid, and derivatives				
1. Steam coal	m. ton	690,000)		
2. Gas & coking coal	"	320,000)		
3. Coal for furnaces & gas producers	"	150,000)	VI-(a)	
4. Anthracite	"	80,000)		
5. Benzol	"	1,800	I-213	3
6. Petroleum coke	"	10,000		
7. Resins (phenolic, cresylic, ureic)	"	110	I-231	2
8. Xylol	"	30		
9. Phenol	"	150	I-231	3
10. Paraffin wax, refined 122/124	"	990	QM-116	1
B. Mineral oils and derivatives				
1. Gasoline for automobiles	"	3,000)		
2. Kerosene for lamps	"	15,500)		
3. Kerosene for agricultural use	"	35,000)		
4. Gasoil for transportation and agriculture	"	50,500)	POL	
5. Heavy Diesel oil and naphtha for boiler firing	"	50,000)		
6. Fuel oil for road surfacing	"	40,000)		
7. Lubricating oil for railways	"	180)		

derivatives

1. Steam coal	m. ton	650,000)			
2. Gas & coking coal	"	320,000)	VI-(a)		
3. Coal for furnaces & gas producers	"	150,000)			
4. Anthracite	"	80,000)			
5. Benzol	"	1,800)	I-219	3	
6. Petroleum coke	"	10,000)			
7. Resins (phenolic, cresylic, ureic)	"	110)	I-231	2	
8. Xylol	"	30)			
9. Phenol	"	150)	I-231	3	
10. Paraffin wax, refined 122/124	"	990)	QM-116	1	
B. Mineral oils and derivatives					
1. Gasoline for automobiles	"	3,000)			
2. Kerosene for lamps	"	15,500)			
3. Kerosene for agricultural use	"	35,000)			
4. Gasoil for transportation and agriculture	"	50,500)	POL	-	
5. Heavy Diesel oil and naphtha for boiler firing	"	50,000)			
6. Oil for road surfacing	"	40,000)			
7. Oil for light machinery & motors (Light & Medium transmission) Viscosity Engler 3.5 to 5.5	"	130)			
8. Oil, machine (Viscosity Engler 5.5 to 10)	"	2,560)		308	
9. Oil, automobile: Viscosity S.A.E. 10	"	1,460)		110	
10. Viscosity S.A.E. 20	"	910)		313	
11. Viscosity S.A.E. 30	"	980)		314	
12. Viscosity S.A.E. 50	"	500)		315	
13. Oil, emulsionable	"	240)	I-221		
14. Oil, cutting, 7 L.I.S., Sap 5%	"	120)		318	
15. Oil, cutting, 7 L.I.S., Sap 5%	"	560)		301	

(59) a

APPENDIX A Continued.

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(1)	(2)	(3)	(4)	(5)
16. Oil, transformer	m. ton	4,000)	I-221	316
17. Grease for low-speed bearings	"	150)		319
18. Grease, yellow, Stauffer type	"	240)		321
19. Oil for saturated steam cylinders	"	300)		-
20. Oil for superheated steam cylinders	"	180)		-
<u>C. Animal and vegetable oils and oil-seeds</u>				
1. Animal oils for tanning and textiles (fish-oils)	"	2,800		-
2. Sulphur oil	"	17,500	QM-245	1
Oil seeds:				
3. Linseed & castor	"	14,000		-
4. Ground nuts & other edible oils	"	59,000		-
5. Indian coconut oil	"	26,000		-
6. Fats for soap-making	"	1,750		-
<u>D. Mineral Products</u>				
1. Magnesite calcined	"	9,350	I-230	23
2. Plastic clay (Si 45-50% Al 32-38%) for mixing with inferior Italian clays for industrial ceramics.	"	7,000		-
3. Fluor spar	"	160	I-230	25
4. Cryolite	"	420		-
5. Clay with high Al ₂ O ₃ content	"	35,000		-
6. Chromite (40-50% Cr ₂ O ₃)	"	4,500	I-230	24
7. Manganese ore	"	17,500		-
8. Graphite silvery	"	150	I-230	29
9. Krollin for high-resistance insulators	"	7,000		-
10. Refractory plastic	"	500		-
<u>E. Chemical and pharmaceutical products</u>				
1. Glycerin	"	30	I-244	33
2. Camphor (pinene)	"	700	I-221	24

4. Ground nuts & other edible oils	59,000	-	-	-
5. Indian coconut oil	20,000	-	-	-
6. Fats for soap-making	1,750	-	-	-
D. Mineral Products				
1. Magnesite calcined	3,350	I-230	23	
2. Plastic clay (Si 45-50% Al 32-38%) for mixing with inferior Italian clays for industrial ceramics.	7,000	-	-	25
3. Fluor spar	160	I-230	-	-
4. Cryolite	420	-	-	-
5. Clay with high Al ₂ O ₃ content	35,000	-	-	24
6. Corundum (40-50% Cr ₂ O ₃)	4,500	I-230	-	-
7. Manganese ore	17,500	I-230	-	25
8. Graphite silvery	150	-	-	-
9. Kaolin for high-resistance insulators	7,000	-	-	-
10. Refractory plastic	500	-	-	-
E. Chemical and pharmaceutical products				
1. Glycerin	30	I-244	33	
2. Turpentine (pinene)	700	I-221	284	
3. Celophony	2,500	QM-145	2	
4. Naphthalene, distilled	350	-	-	3
5. Butylic alcohol	240	I-231	-	-
6. Benzoic acid	60	-	-	-
7. Crocylc acid	150	-	-	-
8. Atropine sulphate	0.003	-	-	-
9. Ethylonic glycol	6.	-	-	-
10. Bismuth, technical	9	-	-	-
11. Bismuth, medicinal	4,800	I-244	10/11	
12. Aeroflont 15%	1,500	-	-	-
13. " 25%	0.450	-	-	-
14. " 31%	1,500	-	-	-
15. Fine oil	7,800	-	-	-
16. Frother	0.900	-	-	-
17. Gafanol	0.600	-	-	-
18. Flotol S.2	0.600	-	-	-
19. Agar-agar (Kobo)	3,900	-	-	-
20. Succinic acid	0.450	-	-	-
21. Alumina hydrate	200	-	-	-
22. Caffeine	1,140	I-244	14	

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4. Ground nuts & other edible oils	29,000	-	-	-
5. Indian coconut oil	20,000	-	-	-
6. Fats for soap-making	1,750	-	-	-
D. Mineral Products				
1. Magnesite calcined	3,350	I-230	23	
2. Plastic clay (Si 45-50% Al 32-38%) for mixing with inferior Italian clays for industrial ceramics.	7,000	I-230	25	
3. Fluor spar	160	-	-	-
4. Cryolite	420	-	-	-
5. Clay with high Al ₂ O ₃ content	35,000	I-230	24	
6. Caromite (40-50% CaO 3)	4,500	-	-	-
7. Manganese ore	17,500	I-230	28	
8. Graphite silvery	150	-	-	-
9. Kaolin for high-resistance insulators	7,000	-	-	-
10. Refractory plastic	500	-	-	-
E. Chemical and pharmaceutical products				
1. Glycerin	30	I-244	33	
2. Paraffins (pirene)	700	I-221	284	
3. Celophony	2,500	QM-145	2	
4. Naphthalene, distilled	350	-	-	-
5. Butylic alcohol	240	I-231	3	
6. Benzoic acid	60	-	-	-
7. Croicilic acid	150	-	-	-
8. Atropine sulphate	0.003	-	-	-
9. Ethylenic glycol	6.	-	-	-
10. Diamut., technical	9	-	-	-
11. Bismuth, medicinal	4,200	I-244	10/11	
12. Acroflour 15%	1,500	-	-	-
13. " 25%	0.450	-	-	-
14. " 31%	1,500	-	-	-
15. Pine oil	7,800	-	-	-
16. Frother	0.900	-	-	-
17. Gefanol	0.600	-	-	-
18. Flotol S.2	0.600	-	-	-
19. Agar-agar (Kobo)	3,300	-	-	-
20. Succinic acid	0.450	-	-	-
21. Alumina hydrate	200	-	-	-
22. Caffeine	1,140	I-244	14	

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Appendix A Continued

(1)	(2)	(3)	(4)	(5)
23. Quinine sulphate	M. ton	1.800	I-244	24
24. Cocaine	"	0.009	I-244	30
25. Ephedrine laevo-gyrous	"	0.270	I-244	28
26. Esetine	"	0.009	-	-
27. Echinine	"	0.150	-	-
28. Gum arabic	"	15	-	-
29. Lanolin	"	7.500	I-244	40
30. Lithium chloride	"	1.050	-	-
31. Opium	"	4.800	-	-
32. Palladium	"	0.0013	-	-
33. Scopolamine brachydrate	"	0.003	-	-
34. Spartein sulphate	"	0.06	-	-
35. Theobromine	"	0.750	I-244	71
36. Tricline	"	280	Q6-145	3
37. Flotol A	"	0.900	-	-
F. Rubber and materials for manu- facturing rubber products				
1. Raw rubber	"	570	ORD-92	1
2. Synthetic rubber	"	3,900	ORD-92	2
3. Carbon black-active	"	920	ORD-92	3
4. Carbon black-semiactive	"	420	-	-
5. Carbon black-inactive	"	150	-	-
6. Dry latex	"	105	-	-
7. Resorcin	"	15	-	-
8. Plasticator (32)	"	147	-	-
9. Naphthalene	"	450	-	-
10. Gum Resins	"	90	-	-
Softening point 640-650	"	90	-	-
11. Paraffin	"	45	-	-
Melting point 520-540	"	45	-	-
12. Tar, Norwegian	"	45	-	-
13. Kautschol	"	105	-	-
G. Basic materials for textiles and papers				
1. Cellulose or paper	"	30,000	I-229	1
2. Fine cellulose for rayon (Type 1, bleached sulphite pulp, sheets of 60 cm. by 80 cm. Alpha- cellulose 87% or more, ashes not	"			

2. Rubber and materials for manufacturing rubber products

1. Raw rubber	"	570			OFD-92	1
2. Synthetic rubber	"	3,900			ORD-92	2
3. Carbon black-active	"	920			ORD-92	3
4. Carbon black-semiactive	"	420			-	-
5. Carbon black-inactive	"	150			-	-
6. Dry Latex	"	105			-	-
7. Resorcin	"	15			-	-
8. Plasticator (32)	"	147			-	-
9. Naphtholene	"	450			-	-
10. Gum Resins	"	90			-	-
11. Paraffin	"	45			-	-
12. Tar, Norwegian	"	65			-	-
13. Kautschol	"	105			-	-

3. Basic materials for textile and paper

1. Cellulose of paper	"	30,000			1-229	1
2. Fine cellulose for rayon (Type 1, bleached sulphite pulp, sheets of 60 cm. by 80 cm. Alpaca-celulose 87% or more, ashes not over than 0.25%)	"	12,000			QM-109	58
3. Washed wool	"	11,000			-	-
4. Waste wool	"	1,400			QM-109	60
5. Cotton	"	39,000			-	-
6. Jute	"	3,500			-	-
7. Rags & waste-vegetable, animal & mixed	"	4,000			-	-
8. Slant	"	850			-	-
9. Manila	"	850			-	-
10. Chinese ramie	"	700			-	-

* Excludes rags from Turkey Requisition on QM-10 9-45.

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AP BIX A Continued

Page 4

(1)	(2)	(3)	(4)	(5)
Cotton Thread for mini- facturing fish nets:				
11. 100/5 Strand	15	15	QX-121	14
12. 80/5 "	15	15	QX-121	10
13. 50/5 "	90	90	QX-121	10
14. 50/5 "	90	90	QX-121	10
15. 40/5 "	120	120	QX-121	10
16. 12/6 "	90	90	QX-121	10
17. 5/8 "	180	180	QX-121	10
18. Sail cloth - 11 oz. (300,000 sq. yds.)	300	300	QX-121	2
19. Ropes of coir & Manila (assorted diameters from 1 1/2 in. to 6 1/2 in.)	100	100		-
H. Insulating materials, miscellaneous as Solvents				
1. Shellac	60	60	I-228	1
Mica splittings, beekform:				
2. Grade 3	30	30	I-236	22
3. Grade 5.5 splittings, loose	30	30	I-236	22
4. Grade 6 splittings, loose	30	30	I-236	22
5. Solvents (benzol etc.)	120	120	I-221	1370
6. Asbestos in plates	6	6	I-221	368
7. Carpenter's glue (best)	350	350	I-221	64
8. Glycerin	550	550		-
I. Non-ferrous metals				
1. Copper, blister	12,000	12,000		-
2. Copper, electrolytic	5,000	5,000	I-243	1
3. Copper in wire bars	10,500	10,500		-
4. Pure tin ingots	900	900	M30-144	2
5. Nickel in trips for cathodes	650	650	I-230	32
6. Cobalt	0.600	0.600		-
7. Silver	15	15		-
8. Nickel-Chromium in ingots for wire-drawing	30	30		-
Additional, borax:				
9. diam. mm. 2.5 to 10	1,500	1,500	I-236	43
10. diam. mm. 3 to 10	1,500	1,500	I-236	43

	QTY.	PRICE	REMARKS
I. Shellac			
Nice splittings, bookform:			
2. Grade 5	50	1-236	22
3. Grade 5.5 splittings, loose	50	1-236	22
4. Grade 6 splittings, loose	50	1-236	22
5. Solvents (benzol etc.)	120	1-221	1370
6. Acetone in flask	8	1-221	308
7. Carpenter's glue (best)	350	1-221	64
8. Guncain	550	-	-
J. Non-flammable materials			
1. Copper, blister	18,000	-	-
2. Copper, electrolytic	5,000	1-243	1
3. Copper in wire bars	10,500	-	-
4. Pure tin ingots	900	A100-1A4	2
5. Nickel in triple for cathodes	635	1-230	32
6. Cement	0.600	-	-
7. Silver	15	-	-
8. Nickel-Chromium in ingots for wire-drawing	30	-	-
9. Rods, borax			
10. diam. mm. 2.5 to 10	1,500	1-236	43
11. diam. mm. 3 to 10	1,500	1-236	43
12. diam. mm. 4 to 10	1,500	1-236	43
13. diam. mm. 5 to 10	0.600	1-236	43
14. Tungsten for filaments to c-11 and iron	1,50	1-236	44
K. Polymers, bright, on spools:			
15. Diam. mm. 0.05	150		
16. " " " "	300		
17. " " " "	2,400		
18. " " " "	1,200		
19. " " " "	1,800		
20. " " " "	1,200		
21. " " " "	600		
22. " " " "	600		
23. " " " "	120		
24. " " " "	120		
25. " " " "	60		
26. " " " "	60		
27. " " " "	10		
28. " " " "	0.300		
L. Platinum for catalytic nets			
29. Rhodium for catalytic nets			
30. Vanadium Oxide (V ₂ O ₅) catalytic			

APPENDIX A Continued

PAGE 5

(1)	(2)	(3)	(4)	(5)
29. Vanadium anhydride (V ₂ O ₅) or corresponding quantity of Vanadic ammonium	mt. tons	2	-	-
<u>L. Ferrous metals and ferrous alloys</u>				
1. Special pig iron for rolls in rolling mills, Graphite carbon 1.55%; combined carbon 1.55%; Silicon 1.10-1.20%; Manganese 9.5%; Sulfur and phosphorus less than 0.05%.		500	-	-
Iron sheets, corrugated, galvanized:				
2. Thickness in. 0.5	"	10,500	I-235	2
3. Thickness in. 1.0	"	7,000	I-235	2
3 1/2 x iron plates:				
4. Assorted thicknesses in. 4, 5, 6, 8	"	3,500	I-235	2
5. Assorted thicknesses in. 10, 12, 14	"	675	I-235	2
6. Tin plates, thickness in. 0.28 to 0.40, dimensions 28" x 20" (smaller thicknesses are especially required)	"	7,000	I-235	2
7. Railroad rail, Vignole type, 36 KJ. per meter	"	2,200	I-210	2
8. Railroad rail, Phoenix type (girder rail), 54 KJ. per meter	"	1,000	I-210	3
9. Magnetic sheets, 2.3 W/Kr. 0.5 mm thick, for generators	"	3,500	I-235	2
10. Magnetic sheets, 1.1 to 1.5 J/Kr. 0.35 mm. thick., for transformers	"	1,750	I-235	2
11. Ferro-tungsten (70/75%)	"	60	I-230	25
12. Ferro-nickel (70/75%)	"	50	I-230	25
13. Electrodes type electrodeless	"			
15. Electrodes type electrodeless	"	1,030	-	-

vanized:					
2. Thickness mm. 0.5	"	10,500	I-235	2	
3. Thickness mm. 1.0	"	7,000	I-235	2	
Black iron plate:					
4. Accepted thickness mm. 4.5, 6, 8	"	3,500	I-235	2	
5. Accepted thickness mm. 10, 12, 14	"	875	I-235	2	
6. Tin plate, thickness mm. 0.28 to 0.40, dimensions 28" x 20" (smaller thicknesses are optionally required)	"	7,000	I-235	2	
7. Railroad rail, weight type, 56 kg. per meter	"	2,200	I-210	2	
8. Railroad rail, Phoenix type (standard rail), 54 kg. per meter	"	1,000	I-210	3	
9. Magnetic sheets, 2.3 W/kg. 0.5 mm thick, for generators	"	3,500	I-235	2	
10. Magnetic sheets, 1.1 to 1.3 J/kg 0.35 mm. thick, for transformer	"	1,750	I-235	2	
11. Ferro-tungsten (70/75%)	"	80	I-230	25	
12. Ferro-sulphurum (70/75% Wt)	"	30	I-250	25	
13. A-charged type electrode discs, 75, 80, 150, 175, 250, 300, 305	"	1,050	-	-	
2752					
Superheated carbon electrodes:					
14. W. 500 x 500 x 1,200	"	700	-	-	
15. W. 350 x 400 x 2,000	"	400	-	-	
16. Electrode rods, Jodanberg	"	400	-	-	
Steel cables & ropes:					
a. For funicular railway:					
17. 1. Diam. 40 mm., pitch of strand 32 cm., pitch of wire in strand 12.5 cm., breaking load 106 m.tons, tensile strength of steel per sq. cm. 160 kg./sq. cm. 2. Wt. 5.5 kg., diam. of thick wire 2.66 mm., diam. of thin wire 1.6 mm., number of thick wires 72, number of thin wires 114, 19 thin wires and 12 thick wires, constructed without soldered joints, wound around hard core, albert 17 type, length 21 coils must be in one piece.	Motor	650	I-210	8	

(54) a

APPENDIX A Continued

Page 6

(1)	(2)	(3)	(4)	(5)
18. 11. specifications as above	Motor	1,030	I-210	9
19. 11. 1. Dia. 42 mm., testing lead 102 K.tons, tensile strength per sq. in. 170 K., weight per meter 0.5 K., diam. of thick wire 2.18 mm., diam. of thin wire 1.72 mm., no. of thick wires 156, no. of thin wires 42, 7 thin wires and 26 thick wire, constructed without soldered joints, wound around hemp core, 11-braid type. Length of cable must be 300 ft.	"	1,400	I-210	10
20. 14. Dia. 30 mm., testing lead 75 tons, tensile strength per sq. in. 160 K., wt. per meter 5.2 K., diam. of wire 2.5 mm., no. of wires 114 in. 5 strands, constructed without soldered joints, wound around hemp core, 11-braid type. Length of cable must be 300 ft.	"	600	I-210	11
21. 7. Dia. 20 mm., testing lead 24 mm. 100 K., tensile strength per sq. in. 160 K., wt. per meter 1.5 K., constructed of 5 strands of wire of 1.3 mm. dia., without soldered joints, wound around hemp core, 11-braid type. Length of cable must be 300 ft.	"	600	I-210	12
22. 1. For various purposes:	"			
1. For kedjo anchor	"	1,200		
22. Dia. 15 mm.	"	1,200		
23. Dia. 18 mm.	"	15,000		
24. Dia. 19 mm.	"	1,000		

20. iv. Diam 30 mm., testing load 75 tons, tensile strength per sq. in. 180 k.s., wt. per ft. 5.2 k.s., diam. of wire 2.5 mm., no. of wires 114 in. 6 strands, constructed with out soldered joints, wound around hoop core, clearest lay type. Length of cable must be in one piece.

21. 7. Diam. 20 mm., testing load 24 m. tons, tensile strength per sq. in. 160 k.s., wt. per meter 1.55 k.s., constructed of 6 strands of wire of 1.3 mm. dia., without soldered joints, wound around hoop core, clearest lay type. Length of cable must be in one piece.

h. For various purposes:

i. For wedge anchor

22. diam. 15 mm.

23. diam. 18 mm.

24. diam. 19 mm.

25. diam. 23 mm.

26. diam. 3 mm.

27. diam. 9.5 mm.

28. diam. 10 mm.

29. diam. 12.7 mm.

iii. For towing:

30. diam. 15 mm.

31. diam. 17 mm.

32. diam. 15 mm.

33. diam. 20 mm.

34. diam. 22 mm.

iv. For various purposes (flexible cables):

35. diameters 3, 12, 20

36. diam. 25, 30.

I-210 11

I-210 12

TC-98 4

"	600	1,200
"	1,200	1,200
"	15,000	1,000
"	1,000	10,000
"	10,000	25,000
"	5,000	5,000
"	60,000	1,500
"	1,500	1,500
"	3,000	3,000
"	10,000	10,000
"	7,000	2,500
"	2,500	2,500

27521

59

APPENDIX A Continued

Page 7

(1) (2) (3) (4) (5)

c. for serial runaway:
Metallic cable, six strands
with hemp center.

(1)	(2)	(3)	(4)	(5)
37. diam 1"	Motor	68,000	ENG-120	(1)
38. " 5/8"	"	58,000		(2)
39. " 1 1/2"	"	103,000		(3)
40. " 5/16"	"	40,000		(4)

d. steel rope plough steel
quality

(1)	(2)	(3)	(4)	(5)
41. 6 x 19 strand, right-hand lay 5/8" diam.	Foot	45,000		
42. 6 x 19 strand, left-hand lay, 5/8" diam.	"	1,000		
43. 6 x 19 strand, right-hand lay 3/16" diam.	"	15,000		
44. 6 x 19 strand, right-hand lay, 2 1/4" diam.	"	3,500		
45. 6 x 25 strand, right-hand lay, 1 9/16" diam.	"	3,000		
46. 6 x 19 strand, right-hand lay, 1 1/4" diam.	"	16,000		
47. 6 x 19 strand, right-hand lay, 1 1/8" diam.	"	1,000		
48. 6 x 19 strand, right-hand lay, 1" diam.	"	4,600		
49. 6 x 19 strand, right-hand lay, 7/8" diam.	"	10,000		
50. 6 x 37 strand, right-hand lay, 3/4" diam.	"	9,300		
51. 6 x 37 strand, left-hand lay, 3/4" diam.	"	9,300		
52. 6 x 7 strand, right-hand lay, 3/16" diam.	"	18,000		
53. 6 x 37 strand, right-hand lay, 9/16" diam.	"	5,400		
54. 6 x 7 strand, right-hand lay, 1/2" diam.	"	9,600		

e. steel rope, plough steel
quality, galvanized, hemp
core, right-hand lay

(1)	(2)	(3)	(4)	(5)
55. 6 x 19 strand, 3/4" diam.	"	1,300		
56. 6 x 19 strand, 5/8" diam.	"	1,300		

ENG-39

45. 6 x 25 strand, right-hand lay, 1 9/16" diam.	"	5,000	ENG-89
46. 5 x 19 strand, right-hand lay, 1 1/4" diam.	"	16,000	
47. 6 x 19 strand, right-hand lay, 1 1/8" diam.	"	1,000	
48. 6 x 19 strand, right-hand lay, 1" diam.	"	4,600	
49. 6 x 19 strand, right-hand lay, 7/8" diam.	"	10,000	
50. 6 x 37 strand, right-hand lay, 3/4" diam.	"	9,500	
51. 6 x 37 strand, left-hand lay, 3/4" diam.	"	9,500	
52. 6 x 7 strand, right-hand lay, 9/16" diam.	"	18,000	
53. 6 x 37 strand, right-hand lay, 9/16" diam.	"	5,400	
54. 6 x 7 strand, right-hand lay, 1/2" diam.	"	9,600	
55. Steel rope, rough steel quality, galvanized, hemp core, right-hand lay	"	1,500	
56. 6 x 19 strand, 3/4" diam.	"	1,500	
57. 6 x 19 strand, 5/8" diam.	"	14,500	
58. 6 x 7 strand, 5/8" diam.	"	14,000	
59. 6 x 37 strand, 3/8" diam.	"	6,000	
60. 6 x 19 strand, 1/2" diam.	"	1,000	
61. 6 x 12 strand, 3/8" diam.	"	9,500	
62. 3 1/2" x 5/8", uncoated, 2 lengths, ea. 1,500 ft.	"	5,000	ENG-89
63. Steel cable, zinc coated, hemp core, flexible	"	70	QW/ENG/TC-121 3
64. Diam. 5/16"	"	70	
65. Diam. 3/8"	"	70	
66. Diam. 7/8"	"	70	
67. American type used with rails, excluds with rail anchors, fish plates, bolter, 20 plates and stay plates (20 plates per set) weight 110 pounds per meter, length 30 feet.	"	15,000	

Note: Noeract also rail excluds but must not be lighter than above specifications.)

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APPENDIX A Continued

(1)		(2)	(3)	(4)	Page 8	
M. Timber and semi-finished wood products					(5)	(6)
Fir (spruce) logs (Austria)		M. ton	400,000	I-219	3	
Oak & birch logs (S. Poland)		"	200,000	I-219	2	
Sawn:						
a. Oak for naval construction:						
Section	Length	Flats				
1. 14"x14"	40'	690			8	
2. 12"x12"	40'	470			9	
3. 12"x8"	34'	3,400			10	
4. 12"x6"	34'	1,400			11	
5. 12"x10"	34'	2,250			12	
6. 10"x8"	34'	2,700			13	
7. 16"x6"	34'	2,600			14	
8. 8"x6"	20'	36,000			15	
9. 8"x8"	34'	57,260			16	
b. Pitch-pine for naval construction:						
Section	Length	Flats				
10. 14"x14"	40'	340			4	
11. 12"x12"	40'	350			5	
12. 10"x10"	30'	5,200			6	
13. 10"x8"	28'	10,500			7	
14. Standard wooden ties for track and switches of the Italian State Railways (No. 10000 240,000)			22,500	I-219		
N. Supplies for the leather industry						
1. Raw hides for sale						
Leather, dried; sources: Argentina, Uruguay, Brazil, 44.46. per dry						
Skin from No. 9.5 to 10.5						
2. Raw hides for uppers						
4.5 to 5.5; or skin No. 4.5 to 5.5						
3. Sheep hides for uppers and linings; dry and dry salted; sources: North Africa, Greece, Albania, Turkey						
4. Goat skins, salted; sources:						

b. Pitch-pine for gravel construction:

Section	Length	Pieces			
10. 14"x14"	40'	50			4
11. 12"x12"	40'	350			5
12. 10"x10"	80'	5,500			6
13. 10"x8"	25'	10,500			7

1-2197

14. Standard wooden ties for track and switches of the Italian State Railways (No. pieces 240,000)

22,500

R. Supplies for the leather industry

1. Raw hides for sale
 - Leather, dried; sources: Argentina, Uruguay, Brazil, A.M., per dry skin from No. 9.5 to 10.5
2. Raw hides for uppers
 - A.M., of skin No. 4.5 to 5.5
3. Sheep skins for uppers and lining; dry and dry salted; sources: North Africa, France, Albania, Turkey.
4. Calf skins, salted; sources: Albania, Turkey.
5. Animal oils (fish, whale, motteloot)
6. Extract dry tannic (bees 67% TP), quebracho
7. Sodium bisulfate
8. Yellow
9. Dejeat
10. Flood aluminum

QW-110

QW-110

930

600

345

5,730

180

500

250

30

O. Foodstuffs

1. Dried stomachs for the manufacture of liquid rennet (No. pieces 30,000)
2. Whole barley for malt production

5

120

(59) a

APPENDIX A continued

(1)	(2)	(3)	(4)	(5)
3. potato starch (for invalids food)	24			
4. Sugar (for food conservation industry)	"	25,000		
5. Pepper in grains (for the pork industry)	"	48		
6. Glucose and derivatives	"	1,500		
7. Cane molasses	"	700		
8. Soya lecithin	"	45		
9. Vanilla beans	"	5		
10. Edible oils (for food conservation industry): copra, cotton, soya.	"	200		
11. Cocoa butter	"	100		
12. Tin oxide enamel for cans	"	150		
13. Gilt varnish for lining cans	"	120		

P. Miscellaneous

Graphite crucibles, Morgan type	No.	700		
1. 30 points	"	1,050	I-221	396-399
2. 50 points	"	700		
3. 100 points	"	525		
4. 150 points	"	525		
5. 200 points	"	350		
6. 400 points	"	2,000,000	I-216	9
7. Normal white fuse, threaded	Water	2,000,000		
8. Fuse cap, No. 10, non-electric	No.	2,000,000		
Fuse cap, No. 10, electric:				
9. No delay	"	35,300		
10. 1st delay	"	31,300		
11. 2nd "	"	35,300	I-216	3
12. 3rd "	"	35,300		
13. 4th "	"	35,300		
14. 5th "	"	35,300		
15. 2945 radio	"	200		
15. 1000 HEMI Telefunken	"	200		

Appendix A continued.

(1)

Spare parts for Ingersoll compressors:

No.	Type	Serial No.	Part	(2)	(3)	(4)	(5)
39.	ERI 10"x10"	22,719	valve plate				
40.	ERI 10"x10"	"	" spring				3950
41.	HERO I 14"x10"	"	" plate				394
42.	"	"	" spring			I-207	395
43.	18"x16"	1689250	" plate				396
44.	"	"	" spring				397
45.	11"x16"	1698200	" plate				398
46.	"	"	" spring				399
47.	"	1698310	" plate				400
48.	"	"	" spring				401
							402

Spare parts for Sullivan compressors:

No.	Type	Serial No.	Part	(2)	(3)	(4)	(5)
49.	WGR-6						
50.	10"x10"	5975	valve plate				403
51.	WGR-6	"	" spring				404
52.	14"x12"	7916	" plate			I-207	405
	"	"	" spring				406

Parts for air compressor, consolidated pneumatic Tool Co.

No.	Type	Serial No.	Part	(2)	(3)	(4)	(5)
53.	COEL 11, 20"x12"x2 1/4"						
54.	14"	5422	valve plate				407
55.	"	"	" spring				408

Parts for sharpener, drill steel, Ingersoll-Rand Type 50, drill bit, dies, formers, gauging blocks for bits with diameters 1 1/4", 1 1/2", 1 5/8", 1 3/4", or 1" hex. steel. Set 12)

56. Same as above, for 7/8" Set 12)

409

Spare parts for Sullivan com-

pressors:

	Serial No.	Part			
49.	5975	Valve plate	No.		403
50.	"	" spring	"		404
51.	7916	" plate	"		405
52.	"	" spring	"		406
				I-207	
53.	5522	Valve plate	"		407
54.	"	" spring	"		408
55.		Parts for sharpener, drill steel, Ingersoll-Rand type 50, dollies, dies, forgers, gauging blocks for lifts with diameters 1 1/4", 1 1/2", 1 5/8", 1 3/4", 2" hex. steel.	Set		409
56.		Same as above, for 7/8" hex steel	"		410
57.		Parts for Device Corp.	No.		383
58.		Diaphragm for Simplex No. 4	"		384
		For pressure No. 2	"		385a
59.		Diaphragm	"		386
60.		Valve, upper seat	"		388
61.		Valve, lower seat	"		389
62.		Valve for Ingersoll-Rand pump, type X2-25X2 - Serial No. 963641P	Set.		392
63.		Imellers, Denver, Pistation Cell No. 18	No.		381
64.		Valves, rubber, complete for Oliver Filter, type 8 FW 40 W BB	"		170

HEADQUARTERS ALLIED COMMISSION

APO 394

Economic Section
Requisition Branch

Tel. 549

Ref. RB 312.2

JUL 10 RECD
CC 1635

HQ:1sk

9 July 45

MEMORANDUM

TO: Chief Commissioner ✓
American Embassy
British Embassy
Civil Affairs Section

1. Attached are copies of CAL Airgram 39 regarding Category "A" Requisitions, and COM Airgram 38 transmitting reports on mission to Washington by Harlan Cleveland. (56) a

2. These reports are forwarded to you for your information and any action you may deem necessary. (58) (55) a

H. H. QUINN
Lt. Col., GSC
Economic Section

Incls. as per para 1.

2746

40051cc

(59)

U. S. RESTRICTED
BRITISH RESTRICTED

JUL 17 REC

COMBINED CHIEFS OF STAFFCOMBINED CIVIL AFFAIRS COMMITTEERegn. Br. Dist.

Commerce S/C 2
Food S/C 1
Finance S/C 2
Economic Section 1
Production Div. 1
Industry S/C 1
Chief Commissioner 1
Gen. McKinley 1
RR Files

CCM Airgram 43, 9 July 1945, Washington, D. C.

From: CCAC

To: Allied Commission

Repeated: PHUGL

Subject: Revision of CCMB list as of July 1.

Ref: TAM 456

Enclosed are three copies of CLAC(S) 3/5 which is CCMB
Reserved Commodity List Amendment No. 1. Effective date for
purpose of TAM 456 is July 5, 1945.

Advise Italian Government.

T. E. H. BIRLEY
Group Captain

15 cys - AG
6 cys - PHUGL
2 cys - Cabinet Secretariat

W. M. CAMERON
Lt. Col., GSC

Combined Secretariat

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES
WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 50, 31 and 32. THE TRANSMISSION OR THE
REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

2745

58a

400512

CLASSIFIED
July 9, 1945

COMBINED RAW MATERIALS BOARD

RESERVED COMMODITY LIST

Amendment No. 1

July 1, 1945

The Combined Raw Materials Board Reserved Commodity List as issued on April 3rd, 1945, is hereby amended as set forth in the following paragraphs.

A. Deletions from the List

- (1) Zinc, all forms
- (2) Manganese Metal /ores and concentrates, ferro-manganese, silico-manganese and spiegeleisen remain on the list/

B. Additions to the List

- (1) Reclaimed Rubber
- (2) Ceylon Graphite, 97/98 percent carbon large lump only.
- (3) Hog Bristles under three inches in length, and riflings.
(i.e. the List now includes all types)

C. Amended Wording

2744

Hides, Skins, Leather and
Tanning Materials

All types of hides and leather except the following: fur skins, reptile skins, game skins, and woolled sheepskins and woolled lambskins for dressing with the wool on, or for feltmongering or wool pulling. All types of tanning materials.

57a

- 2 -

D. Effective Dates

The deletion of zinc and manganese metal is effective immediately.

As to the items added to the list, the reserved commodity procedure will apply to all requirements except those for which requisitions have been presented to national supply agencies prior to July 1, 1945. The Allied governments are requested to inform the Board of their total requirements for 1945, and of the quantities requisitioned in the first half of the year.

2743

58a

U.S. SECRET
BRITISH SECRET

COMBINED CHIEFS OF STAFF

COMBINED CIVIL AFFAIRS COMMITTEE

CCM Airgram 38, 2 July 1945, Washington, D. C.

From: CCAC

To: AC, repeated FHGEU

Subject: Transmission of Reports on Mission to Washington, April-June 1945

Transmitted herewith is copy of "Reports on Mission to Washington, April-June 1945", submitted by Harlan Cleveland, Executive Director, Economic Section AC.

T. F. R. BURLEY
Group Captain

T. M. CARRON
Lt. Col., GSC

Combined Secretariat

15 cys - AC
6 cys - FHGEU
2 cys - Cabinet Secretariat.

RB DISTRIBUTION

w/OAL Airgram 39

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American Embassy -1
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RB Files

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES
WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 501 31 and 32. THE TRANSMISSION OF THE
REVELATION OF THE CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

2742

58

55

4005/CC

30 June 1945.

My dear Mr. Ambassador:

Thank you for your secret letter of
25 June 1945 concerning the present plans for the
supply and financing of Category "A" imports in
Italy.

Very truly yours

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

The Honorable Alexander Kirk,
American Ambassador,
119 Via Vittorio Veneto,
Rome.

Commissioner's files only

2741

(57)

m/soch

BRITISH RESTRICTED
U.S. RESTRICTED

COMBINED CHIEFS OF STAFF

COMBINED CIVIL AFFAIRS COMMITTEE

CAL. Airplan 39, 23 June 1945

FROM: COAC
TO: FMCG
Subject: Civilian Supply Program for Italy
Ref: Category A Acquisitions

1. Except as noted in para 2 c below, action here on Italian requirements subsequent to August loadings has been suspended by the military pending outcome of present discussions regarding possible early termination of military responsibility and question of availability of funds to continue military program for Italy.

2. Provision from United States for loadings after June will include the following:

a. Shipment of supplies already programmed for lift through August loadings.
b. Shipment of supplemental program consisting of a small portion of items covered by Category A requisitions recently submitted which can be procured and shipped before 1 September.

c. Small quantity of certain technical supplies already programmed, but shipment of which cannot take place until after August loadings. These supplies may be shipped by the agency assuming responsibility for civilian supplies for Italy after termination of military responsibility dependent upon decision as to date of such termination.

3. The items and quantities referred to in para 2 above are at present tentative. The provision of items listed under 2 a are subject to availability in time for August loading. The items and quantities under 2 b above may be decreased in light of availability, but on the other hand, may be increased as a result of negotiations now under way to enlarge the supplemental program. Modifications, either up or down, are not expected to be substantial.

4. The items and quantities referred to in para 2 above are as follows:

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2. Provision of supplies already programmed for lift through August following:

- a. Shipment of supplies already programmed for lift through August following.
- b. Shipment of supplemental program consisting of a small portion of items covered by Category A requisitions recently submitted which can be procured and shipped before 1 September.
- c. Small quantity of certain technical supplies already programmed, but shipment of which cannot take place until after August loadings. These supplies may be shipped by the agency assuming responsibility for civilian supplies for Italy after termination of military responsibility dependent upon decision as to date of such termination.

3. The items and quantities referred to in par 2 above are at present tentative. The provision of items listed under 2 a are subject to availability in 274. The items and quantities under 2 b above may be decreased or increased as a result of August loading. The items and quantities, but on the other hand, may be increased as a result of negotiations now under way to enlarge the supplemental program. Modifications, either up or down, are not expected to be substantial.

4. The items and quantities referred to in para 2 above are as follows:
(See Enclosure)

T. E. H. BILLY
Group Captain

W. M. CARTON
Lt. Col., GSO

Combined Secretariat

15 cys FIGING
2 cys Cabinet Secretariat

(56) 2

ENCLOSURE TO CAL AIRGRAM 59

ITEM	REQUISITION	UNIT	QUANTITY	CLASSIFICATION UNDER PARA 2
Zinc Phosphate	III-a-(11)AC-QM-132-45, item 3	M/T	20	b
Spray Oil Emulsion	III-a-(11)AC-QM-132-45, item 4	M/T	200	b
Tractors Wheeled Type	III-b-(1)AC-SHE-118-45			
" " "	MCS-285-SHE, Items 1-4	Ea.	754	b
Plows, 2 bottom	MCS-214a, item 6	Ea.	500	b
Plows, 3 bottom	MCS-214a, item 7	Ea.	50	b
Parts, farm machinery	MCS-214a, Items 13-26	M/T	5,000	b
Pitchforks	MCS-281-QM	Ea.	20,000	a
Raw Wool	IV-a-AC-QM-109-45, item 58	M/T	1,361	b
Rugs, woolen & mixed	IV-a-AC-QM-109-45, item 59	M/T	4,494	b
Cotton American	IV-a-AC-QM-109-45, item 60	M/T	2,265	b
Cotton Egyptian	IV-a-AC-QM-109-45, item 60	M/T	998	b
Eye	MCS-297-QM	M/T	17	a
Blankets/comforters	IV-a-AC-QM-109-45, MCS-397 item 93	Ea.	500,000	b
Rubber sheets for soles	IV-b-AC-QM-110-45, item 6	sq. ft.	20,300	b
Rubber cement for inner soles	IV-b-AC-QM-110-45, item 14	gals.	450	b
Shoemaker Glue	IV-b-AC-QM-110-45, item 15	M/T	109.5	b
Shoes for men over 16 years	IV-b-AC-QM-110-45, item 28	pair	200,000	b
Shoes for women over 24 3/4 yrs	IV-b-AC-QM-110-45, item 29	pair	200,000	b
Composition slabs	QM-T00-SHE-S25	sq. ft.	5,688,000	a
Thread	QM-T00-SHE	lbs.	7,700	a

Cotton American	IV-a-AC-QM-109-45, Item 60	M/T	2,265	b
Cotton Egyptian	IV-a-AC-QM-109-45, Item 60	M/T	998	b
Tex	MCS-297-QM	M/T	17	a
Blankets/comforters	IV-a-AC-QM-109-45, MCS-397 item 93	Ea.	500,000	b
Rubber sheets for soles	IV-b-AC-QM-110-45, Item 6	sq. ft.	20,300	b
Rubber cement for inner soles	IV-b-AC-QM-110-45, Item 14	gals.	450	b
Shoemaker Glue	IV-b-AC-QM-110-45, Item 15	M/T	109.5	b
Shoes for men over 16 years	IV-b-AC-QM-110-45, Item 28	pair	200,000	b
Shoes for women over 27 3/4 years	IV-b-AC-QM-110-45, Item 29	pair	200,000	b
Composition slabs	QM-T00-SHF-S23	sq. ft.	5,688,000	a
Thread	QM-T00-SHF	lbs.	7,700	a
Tires	I-a-MCS-291-ORD, Item 5	Ea.	450	b
Tires	I-a-MCS-291-ORD, Item 6	Ea.	12	b
Tires	I-a-MCS-291-ORD, Item 8	Ea.	15	b
Tires	I-a-MCS-291-ORD, Item 9	Ea.	10	b
Tires	I-a-MCS-291-ORD, Item 10	Ea.	192	b
Tires	I-a-MCS-291-ORD, Item 22	Ea.	240	b
Tires	I-a-MCS-291-ORD, Item 23	Ea.	30	b
Tires	I-a-MCS-291-ORD, Item 25	Ea.	750	b
Tubes	I-a-MCS-291-ORD, Item 5	Ea.	490	b
Tubes	I-a-MCS-291-ORD, Item 6	Ea.	12	b
Tubes	I-a-MCS-291-ORD, Item 8	Ea.	12	b

ITEM	REQUISITION	UNIT	QUANTITY	CLASSIFICATION UNDER PART 2
Tubes	I-a-MGS-291-ORD, Item 9	Ea.	9	b
Tubes	I-a-MGS-291-ORD, Item 10	Ea.	180	b
Tubes	I-a-MGS-291-ORD, Item 22	Ea.	200	b
Tubes	I-a-MGS-291-ORD, Item 23	Ea.	27	b
Tubes	I-a-MGS-291-ORD, Item 25	Ea.	625	b
Trucks, misc	I-a-MGS-291-ORD, Item 1 & 2	Ea.	4,000 1/2	b
Trucks 10-T-OSLO-TR	I-c-MAS-232-ORD	Ea.	260	a
Spore parts	MGS-194-ORD ORD Section MTOUSA (Ital Area) Part I-10 MGS-274-ORD ORD Section MTOUSA (Ital Area) Part I-9	5 no apparatus for 1 ve- hicle	1,675	a
Nails	MGS-235-2M ENG Sae, MTOUSA (Ital Area) Part I-15	M/T	15.5	a
Taper	MGS-209-2M QM Soot (SEA) MTOUSA (Ital Area) Part I-40	reams	216,072	a
Coal	AG-1533/045	L/T	422,900	a
Song	QM-TOG-SIT-xd	L/T	2,500	a
Medical	MGS-302-MED	Requisition	2/3	c
Veterinary	MGS-503-MED	"	2/3	a
Wheat	Theater requis adjusted to	M/T	74,000	a 2/
Dried Soup	Estimated availability	M/T	15,312	a 2/
Sugar	"	M/T	12,132	a 2/
Coffee	"	M/T	466	a 2/
Milk, 2734 dry	Theater requis adjusted	M/T	6,990	a 2/
Milk, evapor	to estimated availability	M/T	9,308	a 2/
	"	M/T	8,800	a 2/

Item	Quantity	Unit	Value	Notes
Naile	W/T	15.5	a	MGS-235-QM ENG Sec, MTOUSA (Ital Area) Part I-15
Baron	rooms	216,072	a	MGS-209-QM CM Sect (FLA) MTOUSA (Ital Area) Part I-10
Coal	L/T	122,900	a	AG-1633/045
Soup	L/T	2,500	a	QM-TCG-SME-x4
Medical	Requisition	2/3	a	MGS-302-MED
Veterinary	"	2/3	a	MGS-303-MED
Wheat	M/T	74,000	a 2/	Theater requests adjusted to
Dried Soup	M/T	15,312	a 2/	Estimated availability
Sugar	M/T	12,132	a 2/	"
Coffee	M/T	456	a 2/	"
Milk, 2734 dry	M/T	6,990	a 2/	Theater requests adjusted
Milk, evapor	M/T	9,308	a 2/	to estimated availability
Dried vegetables	M/T	8,800	a 2/	"
Wire Rope	Pt.	252,600	c	LAC Air 53-MGS-235-QM (Sec Program 23 Feb, ENG-SEC-MTOUSA Ital. Area Part I-15 Page 1)
Graphite stock	Lb.	175	c	LAC Air 101 (Sec Program 23 May ENG Sec-MTOUSA-Ital Area-Part I-25 Page 1)
Bronze Graphite stock	Lb.	85	c	"
Micaite Sheets	Sheets	3,600	c	LAC Air 98-MGS-261-ENG (Sec Program 9 June ENG-SEC-MTOUSA-Ital. Area Part I-27 Page 1)
Glyptal	Gal.	164	c	Program 9 June ENG Sec-MTOUSA-Ital Area-Part I-27 Page 1)
Paper cellulose	Sheets	4,200	c	MTOUSA Ital Area, Part I-27 Page 1)
Tubes, bakelite	yds.	3,450	c	Same

520a

<u>ITEM</u>	<u>ACQUISITION</u>	<u>UNIT</u>	<u>QUANTITY</u>	<u>CLASSIFICATION</u> <u>UNDER PART 2</u>
Tubes, sterling	MTOWSA Ital Area, Part 1-27 (Page 1)	yno.	3,600	c
Varnish	Same	gal.	933	c
paper Filter	Same	Sheets	130,000	c
packing	Same	Lbs.	700	c
Cord	Same	ft.	1,000	c
Sheets, asbestos	Same	Sheet	36	c
Insertion, rubber	Same	sheet	1,500	c
Rubber joints	Same	lbs.	2,500	c
Rushings, transformer	Same	ea.	444	c
insulating tape	Same	roll	2,000	c
Sheets fiberglass	Same	Sheets	3,168	c
Ribbon, melonite tape	Same	roll	54,000	c
Ribbon, canvas	Same	lb.	53,650	c
Cloth Empire	Same	sq. yd.	1,100	c
Sheet, bakelite	Same	sq. yd.	6,400	c
Sheet, Lanthoroid	Same	Sheets	3,198	c
(Tape, Hand	(LAC Air 61-MCS-204-ENG	ea.	220	c
(Drills, pneumatic	(See Program 9 May-ENG Soc (PLA) MTOWSA Italian Area (Part I-22 Page 7, 8, 11, 12, 13 (14, 15)	ea.	200	c
Score Parts for above	Same	set	500	c
Pick hammer	Same	ea.	200	c
Score Parts for above	Same	ea.	500	c

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insulating tape	Same				
Electric pushboard	Same	Sheets	3,168	c	
Ribbon, aluminite tape	Same	roll	54,000	c	
Ribbon, carbonic	Same	lb.	33,650	c	
Cloth Rapire	Same	sq. yd.	1,100	c	
Sheet, bakelite	Same	sq. yd.	6,400	c	
Sheet, Leatheroid	Same	Sheets	3,198	c	
(Tay, Haul)	(LAC Air 61-MGS-204-ENG	ea.	220	c	
(Drills, pneumatic	(See Program 9 May-ENG Sec	ea.	200	c	
	(FIA) MTOUSA Italian Area				
	(Part I-22 Page 7, 8, 11, 12, 13				
	(14, 15)				
Spare Parts for above	Same	set	500	c	
Pick hammer	Same	ea.	200	c	
273!					
Spare Parts for above	Same	ea.	500	c	
Packing Rope	Same	lb.	650	c	
Ball & roller bearings	Same	ea.	360	c	
Battery storage	Same	ea.	40	c	
Rope, steel	Same	ft.	24,000	c	
Packing sheet asbestos	Same	lb.	2,000	c	
A20	(LAC Air 61-MGS-204-ENG	ea.	600	c	
	(See Program 9 May-ENG Sec				
	(FIA) MTOUSA Italian Area				
	(Part I-22 Page 7, 8, 11, 12, 13, 14, 15				
Shovels	Same	ea.	2,000	c	
Tape steel measuring	Same	ea.	30	c	
Wire, copper	Same	lb.	120	c	
Rafting, augers	Same	ea.	400	c	

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ITEM	REQUISITION	UNIT	QUANTITY	CLASSIFICATION UNDER PARA 2
Rope, wire	Same	ft.	5,000	c
Screen, perforated	Same	sq. ft.	50	c
Erasers, rubber	LAC Air 66 (1000) Proforma 1 bag 30 sec. (M&A) MTS:SA Total 3000. (Art 1-40 Page 2)	gross	15,868	c
Rope, wire steel	LAC Air 105 (Art 1-4035-270-PMI- Item 15) Item 3a Item 3b	ft.	3,000	c 3/
Cable	Item 40, b, c, d	ea.	9	c 3/
Pipe, steel	Item 15a, b, c, d	ft.	32,000	c 3/
Bars, cast iron	Item 22	ft.	2,000	c 3/
Lugs, carbide	Item 24	ea.	1,000	c 3/
Stock & die sets	Item 27	ea.	6	c 3/
Blasting, Bombs	Item 42 a & b	ft.	140	c 3/
Crucibles	Item 63 a, b, & c	ea.	10	c 3/
Electric Motors	Item 64, 65, 66 a, b, c	ea.	12	c 3/
Compressor, Air	Item 67	ea.	4	c 3/
Pump, Unit	Item 68, 69	ea.	4	c 3/
Bearings, Ball	Item 71 a, b; 73 a, b, c, d 74 a, b, c; 75	ea.	58	c 3/
Lamps, incandescent elec	Item 112	ea.	4,700	c 3/
Belts	Item 113	ea.	12	c 3/
Pliers	Item 114	ea.	24	c 3/

Lamp, carbide	Item 26	ea.	1,000	c 2/
Stock & die sets	Item 27	ea.	6	c 2/
Blading, Banding	Item 42 a & b	ft.	140	c 2/
Grindbles	Item 63 a, b, & c	ea.	10	c 2/
Electric Motors	Item 64, 65, 66 a, b, c	ea.	12	c 2/
Compressor, Air	Item 67	ea.	4	c 2/
Pump, Unit	Item 68, 69	ea.	4	c 2/
Bearings, Ball	Item 71 a, b; 73 a, b, c, d 74 a, b, c; 75	ea.	58	c 2/
Lamps, incandescent elec	Item 112	ea.	4,700	c 2/
Belts	Item 113	ea.	12	c 2/
Filers	Item 114	ea.	24	c 2/
Tube, 273b	Item 126 a, b, c, d, o	ea.	1,500	c 2/
Bulb, elec	Item 133	ea.	1,200	c 2/
Explosive, cartridge	LAC Air 103-MGS-269-ENG See program 12 June, Eng Sec Ital Area, Part 1-29 Item 5	lb.	150,000	c
Tape Insulating cotton	Item 25, 26, 33	rolls	1,200	c
Wire, steel banding	Item 29	lb.	200	c
White Metal	Items 31, 32	lb.	800	c
Bulb, electric	Item 34	ea.	5,000	c
Ramp wood	Item 48	ea.	48	c
Tailow, mutton	MCS Airgram 61 MGS-204-ENG Item 3	lb.	70	c 1/
Solder	Item 72	lb.	200	c 1/
Spring Steel	Items 121, 134, 148	lb.	8,300	c 1/

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ITEM	REQUISITION	UNIT	QUANTITY	CLASSIFICATION UNDER PARA 2
Brush	Item 152-156	ea.	570	c 1/4
Tool, Steel	Item 255-258	lb.	120	c 1/4
Copper, Pipe Bar	Item 276	lb.	600	c 1/4
Twine, Book binding	LAC Air 66, MES-209-7M Item 25	lb.	13,519	c 1/4
Kraft Paper	LAC Air 69 MES-213-6X	M/T	862	c 1/4
RecuRo	(See CAL 1196)	M/T	17	c 1/4
Spare Parts for Trucks	LAC 1042, 1096 (300 programs 16 Apr & 2 May QND Sec-Itol Arva Part 1-9 & 10	6 no spares for 1 vehicle	(175 1,500)	c 1/4

- 1/ Subject to availability on surplus U.S. stocks in theater.
- 2/ Availability of foodstuffs not presently known. Availability of dried soup, milk skinned and milk over especially doubtful. Shipment also subject to approval of requirements.
- 3/ Subject to final disposition of requisition for surplus mining equipment based on theater reply to CAL 1589.
- 4/ No availabilities yet given by procuring agency.

- 1/ Subject to availability for surplus.
- 2/ Availability of foodstuffs not presently known. Availability of dried soup, milk skimmed and milk over especially doubted. Shipment also subject to approval of requirements.
- 3/ Subject to final disposition of requisition for surplus mining equipment based on theater reply to GIL 1389.
- 4/ No availabilities yet given by procuring agency.

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*Noted and
returned.
27/6/45
S.*

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

Rome, Italy,
June 25, 1945

SECRET

Rear Admiral Ellery W. Stone,
Chief Commissioner,
Allied Commission,
Rome, Italy.

My dear Admiral:

In response to my request for information concerning present plans for the supply and financing of Category "A" imports in Italy, the Department of State has informed me that the Foreign Economic Administration has asked Congress to include in the FEA budget for the fiscal year 1946, which commences July 1, 1945, an appropriation of \$100,000,000 for the purchase of essential supplies for Italy. Following the same procedure as has up to now been used in the Military Program, these supplies would be transferred to the War Department. According to the Department, military authorities presumably will be responsible for the program as in the past, but in practice civilian agencies will participate to an increased extent in planning the program and in the approval of items which will be procured.

It is said that the War Department estimates that, in addition to the above, about \$35,000,000 worth of supplies which are now in military pipe-lines are to be delivered during July and August.

It is thought at present, I am informed, that with some contribution from the United Kingdom and with the addition of funds heretofore made available for Category "B" imports, the foregoing program will be sufficient to provide essential imports for Italy into November or December of 1945. The Department states in conclusion

that plans for

See by the S/C Director.

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Return to
Chief Commissioner

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that plans for additional financing are being actively discussed and that it hopes to present a United States proposal very soon.

For the present, the Department points out that the foregoing information should be made available only to appropriate Allied officials directly concerned.

Sincerely yours,

Wm. Rich

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SECRET

HEADQUARTERS ALLIED COMMISSION
ECONOMIC SECTION

Washington, D.C., U.S.A.
23 June 1945

To: Headquarters Allied Commission
(Attention: Economic Section)

Subject: Reports on Mission to Washington, April-June 1945.

(1) Under authority of Allied Commission AG Letter No. 300.4 dated 19 March 1945, I left Italy on 28 March 1945 for the primary purpose of discussing in Washington the "Program of Essential Italian Imports 1945," and the secondary purpose of discussing a number of questions of policy and procedure which required clarification in Washington.

(2) The duration of the mission was extended by MOC 143 of 21 May 1945.

(3) Attached is a partial progress report on developments in Washington since my arrival, covering Financing of Essential Italian Imports, and Action on Italian Supply Program.

(4) Reports on certain other matters of Allied Commission and Italian Government interest will follow in subsequent communications.

Harlan Cleveland
HARLAN CLEVELAND
Executive Director
Economic Section

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Attachment

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HEADQUARTERS ALLIED COMMISSION

ECONOMIC SECTION

Washington, D. C., U.S.A.
23 June 1945To: Headquarters Allied Commission
(Attention: Economic Section)Subject: Background and Status Report on:
(a) Financing of Essential Italian Imports
(b) Action on Italian Supply Program

The following report has been checked for accuracy and policy with appropriate officials of the United States, British and Canadian Governments, and can be considered a firm statement of the position on financing of, and action on, Italian supplies.

I. FINANCING OF ESSENTIAL ITALIAN IMPORTSA. Means of Financing to Date

As of June, 1945, there are two available means of financing essential Italian imports from the United States, the United Kingdom and Canada:

1. Category A:

Those requirements which are approved by the Combined Civil Affairs Committee of the Combined Chiefs of Staff, on the basis of civilian supply requisitions from SACHED, are financed by the United States, U. K. and Canadian Governments under arrangements agreed upon among these three Governments.

Broadly speaking, these arrangements contemplate that the three participating countries will, as part of their military effort, finance the procurement and shipment of civilian supplies to liberated areas; that the Governments of these liberated areas will be billed for these supplies in dollars, sterling and Canadian dollars, and that any financial loss on this operation will be split between the three Governments on an agreed percentage as follows:

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	<u>Percent</u>
United States	67
United Kingdom	25
Canada	8

It was contemplated that actual procurement of supplies would depend on relative availability in the participating supplier countries of the supplies requisitioned by Theatre Commanders. Initial "procurement" in third countries (for example, Argentina) has been financed jointly by the U. S. and U. K. on a 50-50 basis.

The agreement summarized above was to be applicable until the prospective loss on the military program of civilian supplies reached 400 million dollars in all. For purposes of calculating the prospective loss, it was assumed that Italy and the Balkan countries would not pay back the cost of supplies which had been charged to them, and that the countries in northwest Europe would pay back 100 percent.

It is estimated that the prospective loss, on this basis, will have reached 400 million dollars by approximately the middle of June, 1945.

2. Category B:

The funds available to the Italian Government as of 30 June, 1945, for the purchase of supplies for which no financial responsibility is assumed by the military, are summarized in the following table:

	<u>Proceeds from Remittances</u>	<u>Proceeds from Exports</u>	<u>Other Credits</u>	<u>Remarks</u>
United States	\$29,000,000	\$ 1,500,000	\$100,000,000	(Troop Pay Account)
United Kingdom	£ 2,000,000		None	
Canada	----	----	(Unspecified Amount)	(Special Credit)

There are, of course, Italian assets which have been seized or frozen by the U. S. and U. K. Governments. In both cases, however, these assets are held for settlement in connection with final peace negotiations, and are therefore not available for current use in purchasing civilian supplies.

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- 3 -

In the U. S., diplomatic and other incidental expenses that are a financial responsibility of the Italian Government are also taken out of the proceeds from remittances and exports, so that the full amount is not available for the purchase of civilian supplies. Troop Pay Account is available only in the U. S. It is a dollar account in the name of the U. S. Secretary of the Treasury for the account of the Italian Government, and was set up by a letter dated 20 January, 1945, from the Italian Minister of the Treasury to the U. S. Secretary of the Treasury. It consists of the dollar equivalent of the lire paid out to troops in Italy and actually spent by them in the Italian market. (These can be considered the war-time equivalent of U. S. "tourist expenditures.")

In the U. K., the approximate figure of £ 2,000,000 represents the accrued proceeds from exports and remittances less (a) the sterling equivalent of advances by the U. K. Government to the Italian Government for Italian diplomatic and shipping expenses in various countries, and (b) current diplomatic expenses (see CGM Airgram 18). This sum is the only resource available to the Italians for the purchase of civilian supplies in the U. K.; the account is also available for purchases anywhere in the sterling area.

In Canada, there is a credit consisting of the seized Italian assets in Canada plus the net troop pay equivalent. The Canadian Government is offsetting against this credit the claims of Canadian citizens against Italy, and will make only the residue available for the purchase of supplies. The residue is an undetermined figure, which may range anywhere from \$12 million down to zero, depending on the ultimate total of the Canadian claims. The Canadian Government will, therefore, make available at its discretion credits for the purchase of particular items and quantities which can advantageously be supplied from Canada, but will not credit the Italian Government with a lump sum as has been done in the United States.

For purchases in countries other than the U. S., U. K. and Canada, the Italians must rely on whatever credits can be made available by negotiation with the countries involved, plus current accruals on account of exports. Should the need arise, U. S. dollars can in principle be made available for purchases in such countries - but sterling cannot be so used.

3. UNRRA:

In addition to the above funds, the Council of United Nations Rehabilitation and Relief Administration, at its Montreal meeting in October, 1944, authorized the use of up to 50 million dollars

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out of the total funds available to UNRRA for the purpose of carrying on a program of supplemental feeding for special classes of the population (especially children and pregnant and nursing mothers) and a program of supplemental medical supplies. Further, UNRRA was authorized by its original resolutions to conduct programs for epidemic control and the care of United Nations displaced persons in ex-enemy countries; the total amount which UNRRA is authorized to spend in Italy on all of its programs is, therefore, somewhat more than 50 million dollars.

B. Financial Prospects for the Future

For somewhat different reasons, both the United States and the United Kingdom are now anxious to liquidate the arrangement discussed under paragraph 1 above, and to handle the Italian and other liberated areas problems through channels other than the military.

1. On the U. S. side, the end of the fiscal year on June 30, 1945, raised the question of what type of appropriation was to be requested of Congress for the ensuing year. For the other countries of Europe, interim methods of financing were already available - in northwest Europe primarily through a continuation of the lend-lease program and in the Balkans by UNRRA.

It was determined by the U. S. War Department that no funds would be placed in the military appropriation request for the fiscal year 1946 (1 July 1945 to 30 June 1946), for the civilian needs of Italy.

At the same time, the War Department indicated that it would have sufficient supplies in the "pipeline" to maintain the flow through August loadings in the United States (September arrivals in Italy.)

In order to make sure that there would not be a break in the flow of essential supplies to Italy after that date, the War and State Departments and the Foreign Economic Administration agreed that, as an interim device, the Foreign Economic Administration would place in its lend-lease budget for fiscal 1946, an item of \$100,000,000 for the purchase of essential civilian supplies for Italy. Supplies procured with these lend-lease funds would be transferred to the War Department upon certification by the War Department that such supplies are required for its use. This is an extension of the arrangement which has been in effect for some time for certain types of commodities which are outside the normal procurement activities of the military services (e.g., civilian

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clothing, agricultural supplies). The funds are used under a provision of the Lend-Lease Appropriation Act which authorizes "defense articles" to be transferred to another U. S. Government agency, rather than to a foreign government, where such action will be in the defense interest of the United States.

Action on this appropriation request is now pending in the House of Representatives, supported by a War Department letter which is attached hereto as Appendix "B".

Beyond this interim appropriation, which is recognized to be a stopgap measure, there are several possibilities now being discussed, but no definitive decision as yet. Among the possibilities are the following:

- (a) The proposal that Italy become a full-fledged UNRRA "customer" (summarized below under 2.);
- (b) The use of the Export-Import Bank for reconstruction financing - which would involve widening of its authority to make loans;
- (c) Some other form of financing (e.g., a direct loan).

On the U. K. side, the British Government has given notice (a) of its wish to discontinue the existing financial arrangements by which supplies are furnished through ECAC on a military basis, and (b) of its intention to limit future U. K. procurement responsibility under ECAC programs to supplies from U. K. and British Colonies (i.e., not from the Dominions). Conversations are accordingly taking place in Washington between the U. S., U. K. and Canadian Governments. In these conversations there has been consideration of the possibility of seeking from the third meeting of the Council of UNRRA, to be held in August, authority to permit UNRRA to undertake the task of meeting Italian needs for relief and rehabilitation, and thus place Italy in a position similar to that of Allied Countries without means of payment of supplies. This raises certain difficulties and in particular requires examination of the extent to which existing UNRRA resources would be adequate for such a task, and whether these resources can be increased. The three Governments mentioned have not yet reached conclusions on the issues raised and discussions are continuing. If an agreed view is reached, it still, of course, remains to seek agreement of the other member countries of UNRRA at the Council session.

In sum, therefore, the maximum funds available for use in connection with the purchase of essential Italian imports in the U. S., U.K., and Canada after 30 June 1945, are the following:

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United States:

FBA Appropriation (with military certification)*	\$ 100,000,000
Troop Pay (actually available)	100,000,000
Additional Troop Pay (prospective)	50,000,000
Proceeds from Remittances Accrued as of June 30, 1945	20,000,000
Proceeds from Exports Accrued as of June 30, 1945	1,500,000

United Kingdom:

Continuation of Military Program, from U.K. and Colonies Sources only	Indefinite amount, depending on allocations by CCAC
Net Proceeds from Remittances and Exports Available on 30 June 1945	£ 2,000,000 (approx.)

Canada:

Special Credit	Undetermined amount
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NOTE: These credits are available currently for the purchase of essential supplies only as in the discretion of the Canadian Government funds may be released to apply against particular purchases.

UNRRA:

Authorized expenditure for special supplementary program - equivalent of	\$ 50,000,000
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This total of less than \$350,000,000 can be compared with the best estimate of the cost of the total "Program of Essential Italian Imports 1945," Categories A plus B -- more than a billion dollars on an annual basis. ✓

*Assuming the Lend-Lease Budget now before the House is approved by the U. S. Congress in its present form.

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II. ACTION ON ITALIAN SUPPLY PROGRAM

- A. The Category A Program for Italy, submitted to Allied Force Headquarters during the last part of March, 1945, reached Washington in the middle of May, some projects and some items in approved projects having been deleted. The Program reached Washington at about the same time the War in Europe ended; and naturally, the coming of VE-Day has considerably affected the handling of the Category A Program.

As far as is known, the U. K. and Canadian sides of CCAC have made no provision for the procurement of any of the supplies in the Category A Program as received from AFHQ. No formal action on the program has been taken on a combined basis by the Combined Civil Affairs Committee nor by its Supply Subcommittee.

As far as the U. K. is concerned, procurement responsibility for goods in CCAC programs will only be undertaken by the U. K. Government with respect to supplies from the United Kingdom and British Colonies (i. e., not from the Dominions). The War Office has undertaken to investigate what can be supplied from these sources against the present Category A Program. For its part, the Canadian Government is refraining from Category A procurement until the present intergovernmental discussions on the financing of the military relief program reach some conclusion.

On the U. S. side, a number of discussions were held on the validity of the various Category A requisitions, and some investigations were made by the War Department of the availability of the requested supplies. However, definite action on the Category A Program was limited by the uncertainty as to the financial picture, as indicated in Section I of this report.

To date, therefore, it has been possible to procure only those supplies which could be procured before 30 June 1945 (the end of the fiscal year) and loaded during July and August. This action was designed to maintain the present flow of supplies on the standard "disease and unrest" basis, not to expand the flow of supplies as was contemplated by AC and AFHQ in preparing and reviewing the Category A Program within the terms of FAN 487. A CAL cable* now being prepared will show the ^{current} draft of July-August loading program from the U.S. The items which correspond to requests in the Category A program are so indicated in the table. These items are the only action which has been taken so far on the Category A Program; further U. S. action can be set in motion as soon as the \$100,000,000 FEA appropriation is approved.

* See CAL AIRGRAM 39

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B. Category B:

The Category B Program, as approved by the Allied Commission in late March, was presented to the Combined Liberated Areas Committee in early April. Steps were immediately set in motion to determine its cost, and to put the resulting information in a form which could be readily worked on by the Italian Technical Mission (MOC 103 refers) when it arrived. The Italian Technical Mission did not arrive as soon as it was expected, but it went to work in May operating from an office in the FEA Building, which was also occupied by visiting personnel of the Allied Commission Supply Mission.

The head of the Italian Technical Mission, Ing. Sacerdoti, with the assistance for a few weeks of Ing. Mellini, prepared an emergency program for immediate procurement (which became known as the B/1 program). Mr. W. S. Vaughan, Director of the Industry Subcommittee of the Allied Commission, and the Italian Division of FEA, have been closely associated with Ing. Sacerdoti in this work.

There have been a number of discussions on the procedures for handling the Category B Program. At first, it was contemplated that the Combined Liberated Areas Committee would make determinations as to the validity of particular requisitions prior to the initiation of procurement action. At the 31 May meeting of the Operating Subcommittee of CLAC, however, the following action was taken by the British, Canadian, and United States representatives:

"It was AGREED that a firm requisition forwarded to CLAC(S) by the Italian Government through the usual channels with a certification that the Italian Government is willing to spend its own funds on the requisition, will be considered automatically valid, and will be filed with CLAC(S) at this stage for recording purposes. The filing of such requisitions will also serve as a referral of the Reserved Commodity List items to the Combined boards for recommendation as to source of supply."

After the Italian Technical Mission has decided that it wants to buy an item, and the amended requisition is filed with CLAC, there are two different procedures, depending on the type of item involved. Where the item is on the "Reserved Commodity List" and is therefore in short supply, it is referred to the appropriate Combined Board (Combined Food Board, Combined Raw Materials Board or Combined Production and Resources Board) for a determination as to source of supply. If it is not on the Reserved Commodity List, it can be placed immediately in procurement in whatever country the Italian Government may prefer.

Detailed statements of the procedures in this regard have already been transmitted to the Allied Commission with COM Airgrams 18 and 35, and Document Nos. CLAC(S) 18, 18/2 and 18/3.

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The original B/1 program as prepared by the Italian Technical Mission and Mr. Vaughan was a 69-million dollar program. A part of this program, however, has been held back owing to two factors:

- (1) The receipt of the first section (September) of the Transitional Program prepared in Italy and brought to Washington by Colonel L. D. Densmore on 5 June 1945; and
- (2) Uncertainty as to the fate of the Category A Program.

The assumption in Prime Minister Bonomi's letter accompanying the Transitional Program in MOC Airgram 57, namely that Category is being procured in full through military channels, is incorrect as indicated above. (It is expected that CCAC will soon inform AFHQ officially regarding the status of the Category A Program.) The Italian Technical Mission is therefore reluctant to commit all of the available funds on Category B supplies, and has held the Category B/1 program down to the list shown in Appendix "C".

Within Category B, the Transitional Program is, of course, receiving first priority treatment. When MOC Airgram 57 was received, document No. CLAC(S) 22 (already transmitted to AC with MOC Airgram 35) was submitted to the Operating Subcommittee of the Combined Liberated Areas Committee, and was there agreed between the U. S., U. K. and Canadian Governments. As a result, action is proceeding in the U. S. along two lines simultaneously (see paragraph 6 of CLAC(S) 22):

- (1) The items and quantities in the approved B/1 program (Appendix "C") are being continued in the procurement process; but other requisitions in the original Category B program are being held back pending further clarification of Category A and receipt of the remaining sections of the Transitional Program.
- (2) The items and quantities in MOC Airgram 57 are being placed in requisition form and put into the procurement process as rapidly as possible, with the exception of:
 - (a) Those items which are already "in the mill" as a result of prior action on Category B; those overlapping items are shown in the table attached to CLAC(S) 22.
 - (b) Items (like a part of the coal requirement) which are being handled by the military through September arrivals (August loadings).

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Procurement by the U. K. is not now going forward against the Category B program, pending the establishment in London of an Italian purchasing agent (see CLAC(S) 18/3 and my comments on it, transmitted with MOI Airgram 35). In Canada, likewise, no Category B procurement has gone forward, pending examination of the program by the Canadian Government to determine against which items it wishes to make credits available.

* * * *

Reports similar to the above will follow on surplus property procedure, coal and certain other Washington developments of concern to the Allied Commission and the Italian Government.

Harlan Cleveland
HARLAN CLEVELAND
Executive Director
Economic Section

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APPENDICES:

- Appendix "A" - Financing of Essential Italian Dollar Imports.
- Appendix "B" - Statement by Assistant Secretary of War (U.S.)
to the Appropriations Committee of the U. S.
House of Representatives.
- Appendix "C" - Program of Essential Italian Imports -
Category B/1.

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APPENDIX "A"

SECRET

June 14, 1945

FINANCING OF ESSENTIAL DOLLAR ITALIAN IMPORTS,
July-December 1945I. Import Requirements

The latest available estimates of Italian requirements for the second half of 1945 are those made by the Allied Commission in a revised Supply Program prepared in the middle of May 1945. These estimates, covering all of Italy, show requirements from United States sources of \$410 millions for Category A supplies (food, clothing, drugs and small quantities of other materials and equipment to counteract disease and unrest), and \$310 millions for Category B supplies (industrial and transportation equipment for essential rehabilitation and reconstruction, essential materials for the industrial pipelines, and agricultural rehabilitation supplies). These estimates are additional to \$50 millions budgeted by UNRRA for Italy. The total requirement for the second half year, in addition to UNRRA supplies, is thus \$720 millions.

In addition to these Import requirements for the second half of 1945, it is estimated that Italy's essential import requirements from the U. S. for the calendar year 1946 will be close to \$800 millions. Because of shortages of supplies and financial resources in other countries, the great bulk of Italy's imports will doubtless have to be procured in and financed by the United States.

II. Urgent Necessity of Meeting Italian Import Requirements

If essential Italian import requirements for the second half of 1945 are not met substantially in full, Italy's economic situation, which is already extremely bad, will become desperate, and long-run American political and economic interests will suffer severely. The following are likely to be some of the results if the Italian import requirements for the second half of 1945 are not met:

1. Hoarding by peasants and the size of the black market will increase rapidly;
2. The lack of saleable commodities will force a further marked depreciation of the lira;
3. The plants and public utilities in Northern Italy, which have suffered little or no damage, will not be adequately operated, and production will tend to come to a standstill;

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Appendix "A"

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4. Several millions of persons will probably remain unemployed and will become completely disillusioned with the Allies, who promised them "freedom from want;"
5. The Italians will be compelled to set up a repressive authoritarian regime, either extreme rightist or extreme leftist, because no other type of government will be able to stay in power; and
6. The political effects in this country of the above developments, if they are allowed to occur, will be extremely disadvantageous.

III. Means of Financing Italian Import Requirements

The principal means of financing Italian import requirements are summarized in the attached table and are as follows:

1. The U. S. War Department has decided not to finance civilian-type imports for Italy after July 1, 1945, although it will allow supplies now in the pipeline to go forward through August 31. The estimated value of the July and August deliveries is about \$50 millions.
2. The Foreign Economic Administration budget for fiscal 1946 as now contemplated will contain \$100 millions for Italy. These lend-lease funds can be spent only on certification by the U. S. War Department.
3. UNRRA has budgeted \$50 millions for Italian use, but this will finance only a small special program of medical supplies and supplementary feeding for mothers and children. Any substantial increase in the use of UNRRA funds for Italy, such as has been proposed by the British, would require an additional authorization and appropriation by the United States and the other members. These steps would take a considerable period of time, even if Congress did ultimately authorize and appropriate such funds. The urgent need, however, is to provide immediate assistance and to prevent the emptying of the pipelines. Moreover, under its present policies UNRRA provides in the main supplies only of types required for immediate relief and the prevention of disease. The need of Italy for industrial and transportation equipment and raw materials is equally urgent, and far greater in quantitative terms.
4. Other dollar resources available to Italy for the purchase of imports probably do not exceed \$170 millions. This sum includes \$50 millions of troop pay account which it is hoped, but is not yet certain, will be received. ~~The requisitions already approved against these resources exceed \$65,100,000.~~

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Appendix "A"

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5. The Export-Import Bank can be used only if and after its lending authority is substantially expanded, and particularly ~~the~~ the character of its lending operations is substantially broadened. Prompt passage of the necessary legislation now seems unlikely.
6. The International Monetary Fund and the International Bank are unlikely to get into active operation until the latter part of 1946.
7. The resources of countries other than the United States which could be made available to meet Italian import requirements, except so far as included in the measures already considered, are negligibly small.

IV. Conclusions

1. The resources now available for financing essential Italian imports in the second half of 1945 will thus be far short of what is needed. It is likely that the shortage will continue well into 1946. Unless additional financing is provided at once, the present pipelines will run down, and the supplies actually being received by Italy currently will fall far below the minimum supportable levels. If that happens, the re-establishment of a minimum essential level of supplies in Italy itself will be delayed not only by the time it takes to provide additional financing, but also by the time it takes to restart and refill the pipelines after new financing is available. For the reasons stated in Section II above, such a delay will be disastrous.
2. The American Government ~~has~~ has not yet made financial provision for meeting Italian requirements after September 1, 1945, except to the limited extent possible with the \$100 million FEA appropriation referred to in paragraph III - 2 above.

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Appendix "A"

TABLE IFINANCING OF ESSENTIAL DOLLAR ITALIAN IMPORTS

(Millions of dollars)

A. July-December 1945

I. Essential import requirements (in addition to UNRRA supplies)		
1. Category A supplies	410	
2. Category B supplies	<u>310</u>	
Total		720
II. Methods of financing presently available		
1. 1945 U. S. military budget (deliveries in July and August)	50	
2. FEA funds	100 ✓	
3. Italian exports and immigrants' remittances	20	
4. Troop pay account (available to date)	100	
5. Troop pay account (prospective)	<u>50</u>	
Total		<u>320</u>
III. Prospective deficit for second half of 1945		400

B. Calendar Year 1946

I. Essential import requirements		800
II. Methods of financing presently available		
1. Italian exports	50	
2. Immigrants' remittances and tourists' expenditures	<u>50</u>	
Total		<u>100</u>
III. Prospective deficit for 1946		700

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Appendix "A"

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Notes on Table 1General

(a) The figures for July-December 1945 do not include the \$50,000,000 special VERA program. It is designed for the special purpose of providing extra food for mothers and children, work on epidemic control and the administration of refugee camps, mostly for non-Italians.

(b) All figures are estimates.

A. July-December 1945

- I - 1. This is the same as the figure for 6 months originally estimated in the Lend-Lease budget. The annual figure on the same basis is \$743,000,000.
- I - 2. Total Category B program is estimated at \$800,000,000. It is assumed that 70% will represent the U. S. share of this program, and that only one-half of the 70% will be procured during the last half of 1945.
- II - 1. An estimate of the amount the War Department will be able to spend out of its 1945 budget by June 30, 1945, against the Category A program as approved by AFHQ. This estimate is probably high.
- II - 2. This amount has been placed in the Foreign Economic Administration Lend-Lease budget for the fiscal year 1946. It will be used for civilian supplies certified by the U.S. War Department to be essential.
- II - 3. So far, only \$1 million have accumulated as the proceeds from exports, and \$12 million from remittances. Much of this money has to be used for expenditures other than supplies (such as diplomatic expenses).
- II - 4. This amount has already been placed in the Troop Pay Account in the Treasury Department.
- II - 5. The commonly accepted estimate of the additional amount which may be placed in this account before all American troops are withdrawn from Italy.

B. Calendar Year 1946

All estimates by Italian Division, FEA

15 June 1945

APPENDIX "B"

STATEMENT BY THE ASSISTANT SECRETARY OF WAR, JR. McCLOY
TO THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES

During the time that military operations were being conducted in Italy, it was a definite military necessity that our lines of communication and supply should be kept intact and free from interference, and that conditions should not be permitted to arise within the civilian population which would require diversion of troops from the fighting front. During this period, purely military reasons dictated the importation into Italy of sufficient supplies to prevent disease and unrest. With the cessation of hostilities, the necessities of the military situation in Italy are no longer such as they were when the operations were in progress. This, however, does not mean that the War Department no longer has a vital interest in the political and economic conditions which prevail in Italy. Under present plans some of our troops will still be in Italy throughout the balance of this year. But apart from this consideration twice in a quarter of a century, political and economic conditions in Europe have in one way or another induced or forced us to make vast military efforts in that area. If basic economic and political stability is not restored to Europe, destruction of the German Army may well foreshadow not peace but disorder and further conflict.

It is the period immediately following the tactical victory which may determine the pattern of the area for many years to come. Italy's strategic position in the Mediterranean area makes its stability one of the keys to peace in Europe as a whole. Today Italy is economically prostrate and politically feeble. This situation can be cured only with some material assistance from the United States. The War Department is advised that a plan will be promptly formulated by the executive arm of our government, in consultation with the Congress, which will cover our long term interest in Italy's economy. In the meantime, our government's interest is that Italy shall not be permitted to further submerge economically.

As I have indicated above, it is the War Department view that the necessities of the military situation in Italy no longer support the War Department's primary responsibility for the provision of supplies. Therefore, the War Department has not included any funds for Italy in its 1946 budget estimates.

As a result of the Army's experience in Italy the War Department has obtained first hand information with respect to the economic and political conditions which prevail there. General McNarney recently advised the War Department that "Italy will need outside economic aid for some time to come and this aid may well be more important to orderly political and economic recovery after the close of the military period than in the early phases when the presence of troops itself is a stabilizing influence. If it is to continue to be United States policy to assist the recovery of Italy and to prevent the political and economic disturbance which would arise if aid was abruptly withdrawn arrangements should be promptly made so that the continuity of the flow of minimum essential civil supplies will not be broken."

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Appendix "B"

-2-

Other reports which we have received indicate that the industries of northern Italy have not received as great damage as was at first feared, and, that if the necessary raw materials and coal can be provided, a substantial production can immediately be reactivated. On the other hand unless assistance to Italy is continued after the termination of military support, unemployment will continue with rapid deterioration in the already precarious situation.

Under the plans for redeployment our troops will be continuously withdrawn throughout the balance of this year. It is essential if Italy is to pick up her own economy and practice a maximum of self-help that some steps be taken to provide to her the necessary raw materials and other basic supplies in this immediately critical period. Failure to make this provision may well make inevitable a successful resurgence in Italy of the forces against which we have fought.

The War Department now has, in its pipeline, supplies which can be provided to Italy, to maintain the present low level of economy until after the 1945 harvest. The Foreign Economic Administration has included \$100,000,000 in its 1946 budget estimates for supplies to Italy. This sum, together with supplies already purchased by the War Department for shipment in July and August, will maintain a flow of supplies into November-December, which, on the basis of our experience and knowledge of conditions in Italy, represents the bare and irreducible minimum of imports calculated to prevent disease and disorder. Further than this it is essential that provision be made promptly under some comprehensive program, not only to continue such supplies through the winter, but to supplement them with certain raw materials and equipment to permit the adjustment of Italy's economy to new conditions.

As Italy has not been declared eligible for lend-lease, funds appropriated to the FEA can be utilized for Italy only by their transfer to the War Department. The War Department supports the FEA in the request which it makes for funds for use in Italy and will undertake, to the extent that funds appropriated by the Congress for the purpose make it possible, to provide essential supplies to Italy to the amount of \$100,000,000 until December 31, 1945.

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APPENDIX "C"

PROGRAM OF ESSENTIAL ITALIAN IMPORTS 1945CATEGORY D/1

21 June

Reqn. No. CLAC -	EOC Air. r.	YT Reqn. Number	Description of Program	Quantities	Ap. Do. (OO)
I - 2 (NGS-144)		1 to 11	Metal Mining Supplies	See Requisition	3
3		14 12	Textile Supplies Raw Cotton Dyes	See Requisition	
4		13	Cotton Mill Supplies	See Requisition	
202	6		Match Production Supplies	See Amendment No. 1 to CLAC-I 202 dated 25 May 1945	
208	14	16	Trucks	1014 Units (the extent of FEA allocation for medium and light-heavy for 1945 for Italy)	
208	14		Trucks Spare Parts	See Amendment No. 1 to CLAC-I 203 dated 26 May 1945	
216	20		Explosives	See Requisition	
217	15		Fertilizers & Insecticides	See Amendment No. 1 to CLAC-I dated 18 May 1945	

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APPENDIX "C"

PROGRAM OF ESSENTIAL ITALIAN IMPORTS 1945CATEGORY 2/1

21 June 1945

YR Reqn. Number	Description of Program	Quantities	Approximate Dollar Cost (000 Dollars)	Total
1 to 11	Metal Mining Supplies	See Requisition	0	145
14	Textile Supplies	See Requisition	1,373	
12	Raw Cotton		<u>1,348</u>	
12	Dyes		<u>25</u>	
13	Cotton Mill Supplies	See Requisition		47
	Match Production Supplies	See Amendment No. 1 to CLAC-I 202 dated 25 May 1945		73
16	Trucks	1014 Units (the extent of PEA allocation for medium and light-heavy for 1945 for Italy)		2,100
	Trucks Spare Parts	See Amendment No. 1 to CLAC-I 202 dated 26 May 1945		1,500
	Explosives	See Requisition		527
	Fertilizers & Insecticides	See Amendment No. 1 to CLAC-I dated 18 May 1945		3,920

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Reqn. No. CLAC -	DOC Irgr.	YT Reqn. Number	Description of Program	Quantities	App Sol (000)
1 - 221	22		Miscellaneous Finished Products	See Amendment No. 1 to CLAC-I 221 dated 18 May 1945	
226	26		Wire Rope (Forestry Sup- plies)	211,000 meters (various sizes. See Requisition)	
227	29	15	Tinplate	44 Short Tons	
230	37		Iron & Steel Production	See Amendment No. 1 to CLAC-I 230 dated 18 May 1945	
231	38		Synthetic Resins	See Requisition	
235	40		Iron & Steel Products	See Amendment No. 1 to CLAC-I 235 dated 23 May 1945	
236	34	20 21	Electric Power Supplies (Insulating Material)	See Amendments Nos. 1 and 2 to CLAC I-236, dated 15 and 23 May 1945	
243	35		Copper	10,000 Metric Tons	

Add factor of 20% for inland transportation) 25%
15% for ocean freight

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Appendix "C"

Description of Program	Quantities	Approximate Dollar Cost (000 dollars)	Total
Miscellaneous Finished Products	See Amendment No. 1 to CLAC-I 221 dated 13 May 1945	76	
Wire Rope (Forestry Supplies)	211,000 meters (various sizes. See Requisition)	157	
Tinplate	44 Short Tons	5	
Iron & Steel Production	See Amendment No. 1 to CLAC-I 230 dated 13 May 1945	3,025	
Synthetic Resins	See Requisition	300	
Iron & Steel Products	See Amendment No. 1 to CLAC-I 235 dated 23 May 1945	4,519	
Electric Power Supplies (Insulating Material)	See Amendments Nos. 1 and 2 to CLAC I-236, dated 15 and 23 May 1945	1,171	
Copper	10,000 Metric Tons	<u>2,687</u>	
		22,335	
Add factor of 20% for inland transportation) 15% for ocean freight	35%	<u>7,817</u>	
			<u>30,152</u>

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FOR ACTION FOR APMAR FOR COS FOR OSAC FOR OLAC RPTD UK BASE SECTION (LONDON FOR
CABINET SECRETARIAT RPTD AFHQ FOR FRDG

99

19 JUNE 45

ROUTINE

RESTRICTED.

THIS IS WOO ONE EIGHT ZERO PD

SUBJECT IS PROCEDURE FOR DELIVERY OF CIVILIAN SUPPLIES FOR ITALY PD REFER OLAC (S)
ONE EIGHT OBRIQUE TWO AND COM AIRGRAM ONE EIGHT PD

PAREN TO FOR ACTION APMAR FOR COS FOR OSAC FOR OLAC RPTD UK BASE SECTION PAREN

LONDON PAREN FOR CABINET SECRETARIAT RPTD AFHQ FOR FRDG FROM HQ ALCOM CITE ACRDQ

IN ORDER TO PERMIT ITALIANS TO MARKET INCOMING SUPPLIES IMMEDIATELY THEY ARE RECEIVED
OWA SO AS TO AVOID INTERIM NECESSITY OF WAREHOUSING OWA RESHIPPIING VIA SHIP OWA AIR
OWA MOTOR OR RAIL OWA ETC OWA DUE TO PRESENT LACK OF DETAILED ADVANCE INFORMATION
COVERING UNIT COSTS OWA LANDED COSTS OWA ITEMIZED LIST OF CONTENTS BY CRATES OWA ETC
OWA THE RECEIPT OF WHICH MIGHT PERMIT ITALIANS TO MARKET SUPPLIES AND ARRANGE FOR THEIR
OPTIMUM PORT DISTRIBUTION ON OR BEFORE TIME OF SHIPS ARRIVAL OWA THUS TO MINIMIZE
PRESENT RESISTANT MULTIPLE HANDLING OPERATIONS OF SUCH SUPPLIES IN OR NEAR ITALIAN
PORTS OWA IT IS PROPOSED THAT FOR ALL SHIPMENTS OF CATEGORY QUOTE HAXER QUOTE ITEMS
UNDER PROGRAM FOR ESSENTIAL ITALIAN IMPORTS ONE NINE FOUR FIVE THE FOLLOWING PROCEDURES
GOVERN CEN ONE DASH THAT PROCUREMENT AGENCIES AIRMAIL TO ALLIED COMMISSION CURRENTLY
AND SOLICIT ALL INFORMATION WHICH WILL PERMIT THE ITALIANS TO MARKET AND ARRANGE FOR
PORT DELIVERY OF ITEMS APPROVED FOR PROCUREMENT PD

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THIS IS NO ONE RIGHT ZERO CONTINUED

TWO DASH THAT ARRANGEMENTS BE MADE TO INCLUDE IN THE PACKING LISTS AFFIXED TO CRATES
ONE NOT ONLY AN ITEMIZED LIST OF CONTENTS IN EACH CRATE BUT ALSO AN ITEMIZED PRICE
LIST COVERING EACH INDIVIDUAL ITEM IN EACH CRATE PD FURTHER IT IS SUGGESTED THAT
THE ENTIRE PROCEDURE TO BE FOLLOWED FOR RECEIVING AND ACCOUNTING FOR SUCH ITEMS IN
ITALY BE REVIEWED AND THAT ALLIED COMMISSION BE INFORMED SO THAT WHERE NECESSARY
ALLIED COMMISSION CAN ASSIST IN COORDINATING THESE FUNCTIONS.

Requisition Branch

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H. C. QUARTIER
Lt. Col., QMC
Economic Section

NICHOLAS PICCIBINO
CWO, USA
Asst. Adjutant

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23

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Ref: 20.02

13 June 1945

SUBJECT: Accounting and Billing for Civilian
Supplies Imported in Italy (Category "A").

TO : Allied Force Headquarters.
Attn: G-5 Section.

1. Enclosed are two reports from the Finance Sub-Commission dated 27 May and 3 June 45 on accounting and billing for civilian supplies imported into Italy (Category "A").

2. The earlier report presents a review of the accounting situation on the supply programme. It points out the urgent need of additional personnel so that the Allied Commission may carry out recent directives of AFHQ on checking incoming supplies at dockside, and on billing the landed cost to the Italian Government. The latter report, which represents an extension of the earlier subject, outlines the types of personnel required and the conditions which should govern their assignment.

3. I strongly recommend that immediate action be taken to authorize the additional personnel as outlined in the memorandum of 3 June 45.

Elery W. Stone

ELERY W. STONE
Rear Admiral, USNR
Chief Commissioner

27271 Incl: Memo of 27 May 45
Memo of 3 June 45

4005/cc

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HEADQUARTERS ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

3 June 1945

136247/A

SUBJECT: Additional Personnel Required for Accounting and
Billing for Civilian Supplies Imported into Italy.

TO : Brigadier General E.B. McKinley,
Deputy Vice-President,
Economic Section, HQ AC.

1. Further reference is made to our memorandum of 27 May 1945 on the subject of accounting and billing for civilian supplies imported into Italy. As set forth therein it is estimated that 5 officers, 10 enlisted men, 5 civilian junior accountants, and 10 civilian clerks will eventually be required to supervise the checking of incoming civilian supplies, and the billing of the Italian Government for the landed cost, in accordance with the provisions of TAM Airgram 42 of 23 March 1945 as amplified by 784387 of 18 May 1945. This personnel is additional to our existing strength, and the estimate is based on the present supply program.

2. Attention is invited to the fact that the estimate has been compiled on the assumption that the shipping agents of WSA/AMT referred to in TAM 42 can be utilized for checking and tallying imported supplies at all ports in Italy. Informal advice has been received from AMT that the employment of such agencies is favored by WSA.

3. The present strength of the Chief Accountant's Office (excluding the Chief Accountant (B) and Deputy Chief Accountant (A)) is 16 British officers and 12 ORs, as against 6 US officers (one of whom is expected to be re-assigned home on compassionate grounds) and 6 NMs. In view of the disparity in the relative strengths of UK and US personnel it is felt that the additional personnel to implement the instructions originating from Washington should be American. In particular it is considered essential that Washington should supply a senior officer conversant with their supply records and procedures to head up the billing section under the Chief Accountant.

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3. The present strength of the Chief Accountant's Office (excluding the Chief Accountant (B) and Deputy Chief Accountant (A)) is 16 British officers and 12 ORs, as against 6 US officers (one of whom is expected to be re-assigned home on compassionate grounds) and 6 EMs. In view of the disparity in the relative strengths of UK and US personnel it is felt that the additional personnel to implement the instructions originating from Washington should be American. In particular it is considered essential that Washington should supply a senior officer conversant with their supply records and procedures to head up the billing section under the Chief Accountant.

4. Changes heretofore made in streamlining the supply accounting procedure will enable a possible reduction of three officers within the next sixty days. These officers can not however be counted upon for permanent reassignment to billing and checking work in view of the probable release of British officers under the UK release program. These releases however will not equalise the relative British and American strengths for a considerable time. For this reason the estimate of five additional US officers is considered the minimum required.

5. The estimate for 10 additional enlisted men is based on the possible distribution of these men in various ports of Italy where cargoes may arrive. At present there are no EM/ORs available for assignment to this work.

6. The 15 civilian accountants and clerks are required primarily for handling the work of pricing, billing, and relative activities. This force will not be needed until the schedules for landed costs on the various commodities start arriving from the Landed Cost Sub-Committee in Washington.

7. It is recommended representations be made to AFHQ on as high a level as possible, that Washington be requested to furnish the personnel detailed above which is considered essential to carry out their instructions.

W. H. H. H.
Chief Accountant,
for Joint Director,
Finance Sub-Committee.

PD3/HCC/01

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ALLIED COMMISSION
APO 394
FINANCE SUB-COMMISSION

15168/8

27 May 1945

SUBJECT: Accounting and Billing for Civilian Supplies Imported into Italy.

TO : Brigadier General R.B. McInnis,
Deputy Vice President,
Economic Section, HQ AC.

I. Importation of Supplies

1. During the 18 months ended 30 April 1945, the Allied Nations imported into Italy approximately 1,800,000 tons of civilian supplies, exclusive of coal, ammunition products, and supplies drawn from armies, amounting to around 350,000 tons. In the early stages of occupation the commodities imported consisted mainly of staple items of foodstuffs (e.g. wheat, flour, soap, etc.); medical supplies, and a few miscellaneous articles (e.g. soap, matches, newspaper, etc.). To meet essential civilian needs the number of miscellaneous articles was continually being extended so that by 31 December 1944 the supply accounting report covered 300 commodities. Since that time the number has increased at an accelerated rate. Unfilled AC requisitions for industrial, commercial, mining and agricultural supplies call for many thousands of commodities under Category A. The exact situation respecting the filling of these requisitions is uncertain; and important changes may be ordered in the programme. If however the pending requisitions should be approved only in part, the different types of supplies imported into Italy nevertheless would be greatly increased over the number previously received.

2. Recently the Allied Commission has been informed by higher echelon of two additional functions:

- (1) the billing of the landed costs to the Italian Government covering all supplies delivered under the military programme, and
- (2) the checking by AC personnel of supplies offloaded from vessels by receiving agents of the Italian Government.

II. Billing of Supplies

3. In order that full understanding may be had of the responsibilities directed to be assumed by the Finance Sub-Commission in the billing of supplies, it is recommended that the following be discussed in the

articles (e.g. soap, matches, newspaper, etc.). To meet essential civilian needs the number of miscellaneous articles was continually being extended so that by 31 December 1944 the supply accounting report covered 300 commodities. Since that time the number has increased at an accelerated rate. Unfilled AG requisitions for industrial, commercial, mining and agricultural supplies call for many thousands of commodities under Category A. The exact situation respecting the filling of these requisitions is uncertain; and important changes may be ordered in the programme. If however the pending requisitions should be approved only in part, the different types of supplies imported into Italy nevertheless would be greatly increased over the number previously received.

2. Recently the Allied Commission has been informed by higher echelon of two additional functions:

- (1) the billing of the landed costs to the Italian Government covering all supplies delivered under the military programme, and
- (2) the charging by AG personnel of supplies off-loaded from vessels by receiving agents of the Italian Government.

II. Billing of Supplies

3. In order that full understanding may be had of the responsibilities directed to be assumed by the Finance Sub-Commission in the billing of supplies, it seems desirable briefly to discuss those required in the original procedure prescribed in TAW 228 of 14 July 1944. To date the accounting instructions outlined therein have covered the supply accounts maintained by this Sub-Commission. Under TAW 228 the primary accounts for imported supplies show receipts from imports, receipts from the armies, deliveries to or on behalf of the Italian Government, losses in transit and warehouses, and stocks on hand if any. From date of occupation AG accounts have been maintained on a quantitative basis (i.e. by tons, quintals, feet, or other commercial unit of measure applicable to the respective commodity). Until recently it was understood by this Sub-Commission that the billing of the Italian Government for supplies in dollars and sterling would be effected through Washington and London on the basis of their records showing landed costs of supplies shipped, less supplies diverted to other countries, and plus supplies drawn from the armies. Based on such understanding the Chief Accountant rendered monthly reports containing the information required by TAW 228. No comments on any deficiencies in such reports have ever been received.

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- 2 -

4. Among other things TFM 228 specified that the War Department and the War Office would furnish monthly statements of total values giving effort to reported diversions of cargoes, and differences as disclosed by monthly reports of shipment arrivals in Italy. The Washington-London statements as adjusted were to be communicated to AC/AFS periodically for recording. A protracted delay occurred before any statement of values was received. After requests from AC a report from London was received last fall, and subsequently a report from Washington arrived after the first of the year. To date reports of values have been submitted by London through 31 December 1944, and by Washington through 31 March, 1945.

5. Notwithstanding identical instructions governing both London and Washington their reports differ in two important respects:

- (a) the Washington statement of values includes charges for marine transportation and insurance; the London statement does not include such charges.
 - (b) The Washington statement of values covers the entire Mediterranean Theatre of Operations (with partial, but not complete, breakdown by countries); the London statement segregates values for Italy.
6. The foregoing differences preclude the rendition of bills to the Italian Government on the basis of the present composition of the statements. Apparently different interpretations were placed on TFM 228. In connection with the build up of the Washington accounts it is somewhat difficult to understand the accumulation of landed costs on a theatre basis as distinguished from a national basis, with the requirements in TFM 228 that such information should be recorded on the books of AC/AFS.

7. As the accounts in Washington are on a theatre basis and are not readily subject to breakdown on a national basis, it has therefore become necessary to consider the immediate course to be pursued in respect to the billing of supplies chargeable to the Italian Government. In TFM Airgram 42 of 23 March 1945, instructions were received that bills should be rendered for Italy on the basis of records maintained by AC/AFS. The relevant provision in TFM 42 directs:

"You will be responsible for billing Allied Governments for civilian supplies furnished by you. For billing purposes, you will be supplied periodically, say monthly, by CAC with combined (US, UK and Canadian) weighted average landed costs by commodity, for application by you to your quantitative records of civilian supplies delivered or of supplies issued from military stocks for civilian use, as the case may be, to each recipient government."

8. Subsequent to issuance of the instructions in TFM Airgram 42, officials in the Civil Affairs Division in Washington recognized that

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8. Subsequent to issuance of the instructions in TAM Airgram 42, officials in the Civil Affairs Division in Washington recognized that certain procedures therein required revision - primarily because of the accumulation of landed costs on a theatre basis, and also complications involved in lend-lease shipments made to Britain and thereafter reshipped to Italy. In AGWAR 3-24387 of 18 May 1945, revised instructions provide in effect that bills shall be rendered by AG for civilian supplies actually delivered to the Italian Government, the first bill to cover the period from date of occupation through 31 December 1944.

9. In computing the charge for each commodity the quantitative records maintained by AG showing issues to or for the account of the Italian Government are to be utilized. To the respective quantity delivered on each commodity will be applied an average weighted landed cost. This latter figure is to be furnished by the Landed Cost Sub-Committee recently established in Washington.

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- 3 -

10. The billing of some 500 commodities delivered through 31 December 1944, can be accomplished without undue effort. It would appear however that such course may leave IG and IX in rather an awkward position respecting the settlement of dock, warehouse and transit losses. The instructions received state that losses prior to signing of quantitative receipts by recipient Government will be settled between Governments, presumably meaning that internal stock losses are to be considered as the subject of subsequent negotiations. All directives received will be carried out to the best of our ability. In this connection, however, we desire respectfully to express the opinion that the charging of supplies on the basis of deliveries by IG in Italy, with a loading factor to cover marine insurance to compensate for losses at sea, appears less practicable than the charging of supplies on the basis of total shipments, less diversions, as drawn from records at the point of origin.

11. The principal difficulty foreseen in billing by IG concerns the amount of work that will be involved later when the number of commodities handled may run into many thousands of commodities, as distinguished from the few hundred through December 1944. Single requisitions now pending often cover from 500 to 1000 different items. If filled the sum total of these will represent many thousands of different commodities. Due to the technical nature of the commodities pertaining to the industrial, mining and commercial categories, a single item may have four or five distinguishing characteristics. In the description of the article in receiving records the nomenclature must specify all essential characteristics, so that the commodity may be specifically identified for later application of bonded cost (which under the present plan will not be received until after the arrival of the article).

12. Unless a system of requisition reference numbers and commodity code symbols is perfected, maintenance of the supply accounts will involve an enormous expenditure of effort. The system of quantitative records, which has worked with a fair degree of success on a limited number of commodities, will need complete overhauling and the assignment of additional personnel. The magnitude of this problem was presented to officials in the Civil Affairs Division and the Landed Post Sub-Committee in Washington by Lt-Col. Paul Manning. While recognition was given to the urgency of action, the matter was there considered as proper subject for determination within the theatre, as regards arrangements and personnel.

13. In the opinion of this office immediate arrangements should be made whereby:

- (a) Supplies furnished under each approved requisition should always be keyed by corresponding reference number in the manifest, shipping document, and packing list, to the approved requisition number.
- (b) Detailed records of the material should be maintained.

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thousands of different commodities. Due to the technical nature of the commodities, a single article pertaining to the industrial, mining and commercial categories, a single item may have four or five distinguishing characteristics. In the description of the article in receiving records the nomenclature must specify all essential characteristics, so that the commodity may be specifically identified for later application of landed cost (which under the present plan will not be received until after the arrival of the article).

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13. In the opinion of this office immediate arrangements should be made whereby:

- (a) Supplies furnished under each approved requisition should always be keyed by corresponding reference number in the manifest, shipping document, and packing list, to the approved requisition number.
- (b) Detailed items on the shipping documents and packing lists should always bear reference to the related item number in the approved requisition, and contents shown on packing cases.
- (c) The quantity and landed cost of each specific commodity should be entered on the appropriate shipping document before the cargo is shipped. This is essential if an enormous amount of work in the theatre is to be avoided.
- (d) Complete sets of all necessary papers (e.g. manifest, shipping documents, and where applicable, packing lists) for supplies consigned to Italy should be forwarded both on the vessel for office filing, and by air mail, a complete set of all documents to be sent to the Chief Accountant, AG.

Uniform adherence to the foregoing suggestions would appear to us to be necessary for the preparation of bills in the future when the number of miscellaneous items imported is expected to be many times greater than in the past.

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14. Attention is invited to the fact that even with improved documentation of imports the supply accounting staff must be augmented due to the anticipated multiplication of the number of commodities to be handled. An estimate of additional personnel required will be presented in a subsequent paragraph.

III. Checking of Supplies

15. Checking and billing of supplies are closely related subjects, so that these activities can practically be considered in a single estimate. Originally supplies imported into Italy were received, warehoused, and sold by AC/ASG; and the collections in lire derived from such sales were paid into the Allied Financial Agency to be held for the account of the Italian Government. (The Allied Nations' charges against the Italian Government will be in dollars and sterling for the landed cost value of the goods.). In the early stages of occupation AC/ASG merchandising operations were necessary because of the inability of the newly formed Italian Government to receive and to distribute supplies on its own account. Gradually charges were brought about. The movement was initiated by the Finance Sub-Commission, not alone due to the increased demands on the accounting personnel (resulting from the gradually expanding liberated territory to be covered and the rapidly mounting list of commodities to be handled), but more particularly to the viewpoint that Italian authorities should assume greater responsibilities for the distribution of civilian supplies.

16. In September 1944 an arrangement was made whereby Federazione Italiana dei Consorzi Agrari took in a limited area (old Southern Region) to receive imported foodstuffs and agricultural supplies direct from shipside, giving a quantitative receiving reports, and thereupon accounting to the Italian Government for the receipt and sale of the quantities it handled. Later the arrangement was extended to all liberated Italy. In the meantime a similar plan had been evolved whereby Istituto Nazionale per il Consumo Materico received miscellaneous supplies for the Italian Government under the same procedure as that applying to Federazioni. Approval of both plans was given by OCS.

17. During the period when supplies were being handled by AC/ASG a check of incoming cargoes was made at the warehouse, it being impossible to accomplish the same at the dockside because the delivery from shipside to warehouse was the responsibility of the Allied Military Authority. By the time the agreements with Federazione and ION came into effect a steady withdrawal of both officers and enlisted men - particularly on the American side, had seriously depleted the personnel of the Finance Sub-Commission used on supply accounts. As a result no officers or enlisted men were available for assignment to verify dockside receiving reports prepared by recipient agents of the Italian Government. The only operation that could be performed was a summary review at headquarters level, where a comparison has been made between the quantities

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17. During the period when supplies were being handled by AD/AG a check of incoming cargoes was made at the warehouse, it being impossible to accomplish the same at the dockside because the delivery from shipside to warehouse was the responsibility of the Allied Military Authority. By the time the agreements with Federazione and ICE came into effect a steady withdrawal of both officers and enlisted men - particularly on the American side, had seriously depleted the personnel of the Finance Sub-Commission used on supply accounts. As a result no officers or enlisted men were available for assignment to verify dockside receiving reports prepared by recipient agents of the Italian Government. The only operation that could be performed was a summary review at headquarters level, where a comparison has been made between the quantities entered on the receiving reports with the schedule cargoes shown on the AD/AG 2-5 periodic list of shipments. When any substantial difference is noted inquiry is made (as a matter of necessity through correspondence) to the respective agent of the Italian Government who prepared the report.

18. The Finance Sub-Commission brought the situation to the attention of AFM in order that the facts might be known at higher echelon, it being pointed out that no personnel was available for verification of offloadings at ports. This position was notified to OSS in May 49 of 24 November 1944 in which it was pointed out that incoming cargoes were of necessity being received by Italian agencies without control by Allied personnel. No comment was received until March 1945 when AFM's telegram of 54719 stated the view of US interested agencies that this procedure was not considered acceptable. No OSS instructions on the subject have yet been received.

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19. AGWAR # 84387 of 18 May 1945 advises that discussions have been held with War Shipping Administration relative to the possibility of AG utilizing local shipping agents for that organization and for the Ministry of War Transport in Italian ports. The message further provides that if such action is taken by AG, test checks and unannounced inspections should be made by military personnel. Progress made in Washington in furtherance of the proposal which was originally advanced about a month ago is not known. A number of shipping agencies do exist, however, in various Italian cities, some of which might be used by AG if approval is given by GCS.

IV. Personnel Requirements

20. The responsibility for checking supplies off-loaded (assuming the utilization of Italian shipping agents), and for billing the Italian Government by AG, will necessitate a substantial increase in the supply accounting personnel. To perform these services AG will require on the basis of the present requisitions an additional force of 30 persons. This number should consist of 5 officers, 10 enlisted men, 5 civilian junior accountants (US and UK) and 10 civilian clerks (US and UK). During 1945 Italy has received on an average more than 100,000 tons of imports monthly. An increasing proportion of these imports relate to industrial, commercial, mining and other types of technical supplies. The accounting for such specific commodity from ship to rendered bill will entail an enormous amount of administrative, accounting, and clerical work. Such operations involve supervising the checking of the quantity unloaded for each commodity; verifying receiving reports; recording reports in books of account; applying landed cost rates to the quantities; and the ultimate billing to the Italian Government.

21. It is understood that TAV Airgram #2 is largely the result of US insistence and it therefore seems opportune to comment on the disposition between the US and British personnel on the Chief Accountant's staff. The present strength (including the Chief Accountant (B) and Deputy Chief Accountant (A)) is 16 British officers and some 12 US as compared with 6 American officers and some 6 UK (one of the 6 American officers has just forward a strong case for reassignment to the US on compensation grounds). It is suggested that Washington be requested to supply adequate US personnel to implement their billing instructions and we feel that they should send an officer conversant with their records and accounting system in Washington to head the billing section.

22. In conclusion we wish to make it quite clear that the above comments refer only to Category A imports and not to Category B with the accounting for

received on an average more than 100,000 tons of imports monthly. In increasing proportion of these imports relate to industrial, commercial, mining and other types of technical supplies. The accounting for each specific commodity from ship to rendered bill will entail an enormous amount of administrative, accounting, and clerical work. Such operations include supervising the checking of the quantity unloaded for each commodity; verifying receiving reports; recording reports in books of account; applying landed cost rates to the quantities; and the ultimate billing to the Italian Government.

21. It is understood that TMI Airgram 42 is largely the result of US insistence and it therefore seems opportune to comment on the disproportion between the US and British personnel on the Chief Accountant's staff. The present strength (including the Chief Accountant (B) and Deputy Chief Accountant (A)) is 16 British officers and some 12 ORs as compared with 6 American officers and some 6 EM (one of the 6 American officers has put forward a strong case for reassignment to the US on compassionate grounds). It is suggested that Washington be requested to supply adequate US personnel to implement their billing instructions and we feel that they should send an officer conversant with their records and accounting system in Washington to head the billing section.

22. In conclusion we wish to make it quite clear that the above comments refer only to Category A imports and not to Category B with the accounting for which we have always been informed we are not concerned.

(Signed) ROBERT B. MENEFACE

Joint Director,
Finance Sub-Commission.

FDS/REC/Joh

541211101

11 June 1945.

My dear Mr. Ambassador:

Thank you for your letter of 10 June,
enclosing a copy of a Note Verbale which is being
transmitted to the Italian Ministry of Foreign Af-
fairs in connection with the importation of meats
and fats from Argentina.

Very truly yours,

/s/ Ellery W. Stone

ELLEERY W. STONE
Rear Admiral, USNR
Chief Commissioner

The Hon. Alexander Kirk,
American Ambassador,
119 Via Vittorio Veneto,
Rome.

cc: Ex. Commr.
cc —

Referred to Col.
Menzies,
Finance S/C,
11 June 45.
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AFRIC NORTH ALEXANDER CITY PHOTO
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(This is LAC 1196 in answer to GAL 1382)

Your paras 1 and 2. Figures in production program for Italian agriculture forestry and fisheries October 1944 were purely speculative. Estimated grain production in ITALY stated LAC airgram 120 was based on later more reliable information. Detailed survey of harvest prospects in North now in progress indicated poor harvest probable and therefore LAC airgram 120 figures over optimistic. Cannot therefore agree surplus in North will offset deficit in South. Indeed increases requisitions wheat will probably be necessary later in year as foreshadowed para 3 LAC 1131. If 300 gram ration to be met. In any case internal transportation difficulties during period will preclude large movements of grain North to South.

Special ration scales: numbers and classes of those entitled special and supplementary ration scales and proposed scales set out tables A and B LAC airgram 120. Subject to provide additional calories to certain classes for whom general ration scale insufficient reason of nature of their work, sickness, or poverty preventing purchases in free and black market. Believed self evident classes listed table B require special provision and submitted that proposed scales of issue are reasonable. Only new special scales are 20 returning. 20 cases, sick at home, religious institutions whose limited funds are insufficient to purchase extra food in market, and industrial workers which have long been essential feature of Italian industry.

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Page 2

Cont.

Rest and pulses: your paras 6 and 7. Would emphasize requisitions LAC 1131 aim at 1500 calory general daily ration. Hitherto requisitions have been based on "impact" scale implemented - 20 months ago. This standard has long ceased to be adequate and increases believed here political necessity, particularly in view past statements of Allied leaders. Requisitions admittedly higher than before but necessary of 1500 calory ration described LAC 1131 and LAC aigrom 120 to be achieved.

Col BUTTSWORTH is fully conversant with these requisitions. Lt BRUNNEN, late of AG REBE and now believed in WASHINGTON assisted in their preparation. Suggest those officers be consulted for general background, and any further justification required.

END

ACTION BRUNNEN DIV 5
INFO CHIEF COMMISSIONER
ECON SEC
FOOD AG 2
FILE 2
PLCAT

CONFIDENTIAL

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SECRET

AFHQ MESSAGE CENTER

INCOMING MESSAGE

FILED: 031932Z

AFSC N 81/4
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PRIORITY

BOOK MESSAGE

FROM : AGWAR SIGNED WARCOS

TO : AFHQ

REF NO THIS MESSAGE : WX-11336, 3 June 1945

The President in letter 21 May advised SECWAR NO responsibility for civilian supply in any liberated country in EUROPE should continue to rest upon Army except as dictated by actual necessities of military situation and has directed termination be handled on basis of coordinated action with all concerned.

2. Implementing this letter W-10256 dispatched wherein WL advised it contemplates termination military civil affairs supply responsibility in liberated areas Northwest EUROPE and NORWAY with August loadings. In view cessation hostilities in EUROPE continued military responsibility for civil affairs supplies in ITALY does NOT appear warranted by actual necessities of military situation and WD view follows:

(A) NO funds will be included in WD budget estimates for fiscal year 1946 for provision civilian supplies in this area because considered here military situation does NOT justify continuation of military responsibility beyond August 1945 loadings.

(B) Economic policy for ITALY established in the joint statement of President and Prime Minister of September 26, 1944 can NO longer be supported on military basis. Because requirements implementing this policy have just been received in WD up to this time NO supplies have been furnished ITALY above those necessary to avoid disease and unrest. Since broadened policy can NO longer find support on military

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See (67)

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COPY No

REF NO.: WX-11336, 3 June 1945
AFSC N 81/4 . Cont'd

Basic NC supplies will be furnished by WD to implement such policy.

(C) In event agencies of this Government other than WD assume responsibility for provision supplies to ITALY prior completion of August loadings there are sufficient supplies currently in pipeline to permit WD to furnish to such agencies civilian supplies for ITALY on disease and unrest formula through August 1945 loadings.

(D) Foregoing does NOT apply to POL which is being considered separately.

3. Interested US agencies have been advised of WD view and appropriate action through combined military channels is being initiated to apprise British military authorities thereof and to secure SACMBIS comments. Meantime your comments requested urgently.

NOTE: W 10258 M: IR 925 2/6/45 G-5

ACTION : G-5

INFORMATION : G-4
SACS
C/S MTO
M&TN
CINC MED
USN
MAAF
PET SEC
QM
AG RECORDS
Q MAINT
US POLAD
RESMIN
G-3
22

2.
 2383 4 Jun 45 0352B Ref No WX 11336 s/A/X

HEADQUARTERS ALLIED COMMISSION

Office of the Chief Commissioner

APO 394

The Chief Commissioner directs that the attached cable be immediately read by you and returned at once to the messenger.

- Initial*
1. Executive Commissioner *Read to Ex. Com. meeting*
 2. Deputy VP, Economic Section (A) *[Signature]*
 3. Deputy VP, Economic Section (B)
 4. Finance Subcommittee (Joint Directors) *all same*

[Signature]

L. W. STEARNS
Major, AGD
Staff Officer to Chief Commr.

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31 May, 1946

Dear

This will acknowledge receipt of your letters of 25 and 26 May, 1946 on the subject of the receipt and transfer of civilian supplies. Both letters have been given most careful study with a view to carrying out the instructions affecting our supply activities. In this connection I appreciate the support that AMHQ has given in presenting the views of the Allied Commission. Since it appears that our recommendations have not been accepted by Washington, we will exert every effort to comply with their wishes, and have already started to take action.

I should, however, like to make clear that in our view we have never received any combined instructions that a tally must be made by Allied personnel or agencies appointed by us. The only combined instruction received by us is TAM Airgram 42 which makes no reference to a tally being made by Allied agencies, in spite of the fact that CCS had been on notice (for several months) that tallies were being made only by Italian Government agencies. The last communication dealing specifically with tallying was W 84387 (dated later than TAM Airgram 42) which states in the first and last paragraphs that it is not a combined instruction and that London's concurrence has not been obtained. I raise this point not as an argument against employing our own tally agents but to give our view that we are not subject to criticism on the grounds of non-compliance with instructions.

In our opinion, it would be preferable if tally agents were appointed by WTI/NSA (as suggested in W 84387) and not by AMG/AC, because the work of these agents would be intimately bound up with the shipping operations. If, however, you think that there may be undue delay in getting WTI/NSA to agree, AC/AMG will appoint the agents. We have in fact already started discussions with the international company "La Surveillance" whose head office is in Geneva and who operate in Italy as "La Sorveglianza". Before we come to any definite agreement with them however we shall require the following information from you:

- (1) Are WTI/NSA prepared to act quickly or should AC/AMG go ahead and appoint the agents?
- (2) What is the opinion of WTI/NSA of "La Sorveglianza" and would they be prepared to accept them as their agents should they later take over supervision as suggested in para 5 of your 3-5/130 of 23 May?

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- (3) Are AFHQ Movements and Transport Division agreeable to permitting another civilian agency in addition to the present Italian Government agencies to operate on military ports and to agree their tallies?

We have found that the "La Sorveglianza" are acting as agents for the Italian Government agencies in certain parts and we have informed them that if they are employed by us they must cease their work for the Italian Government agencies.

In conclusion I must point out that even though AC/AMS may appoint their own Italian agency they have not the available personnel to provide a mobile team of spot checkers as suggested by you. The new work required by Washington is going to call for a considerable personnel who are at present not available; this is partly due to the continued withdrawal of American officers without replacement, with the result that the Chief Accountant is left with an insignificant number of American officers on his staff. I would appreciate it if urgent consideration could be given to this matter and a meeting arranged with a view to putting our requirements to Washington.

Sincerely

/s/ Ellery W. Stone

ELLERY W. STONE
Rear Admiral, USNR
Chief Commissioner

Brigadier Charles M. Spofford,
Assistant Chief of Staff, G-8,
Allied Force Headquarters,
APO 512

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CONFIDENTIALPX 82400
MAY 26 1542E/2470
MAY 26 1915
ROUTINEAPHQ SIGNED ALEXANDER CITE PHGEG
INFORMATION ALCON ROME.

CONFIDENTIAL.

Sugar for ITALY. This is LAC 1178. Ref CAL 1338.

1. Investigations north disclose stocks 7000 tons sugar. Therefore agree reduction August September October requisitions by 2350 metric tons monthly. Monthly requisition now requested therefore 13220 metric tons.

2. Estimates not completed beet production north, but no locally produced sugar can be available distribution before November. Amended requisition represents minimum quantity to support ration scale detailed LAC 1131 and LAC airgram 120.

DIST

INFO-ACTION - REQUISITION DIV
INFO - CHIEF COMMISSIONER
ECON SEC 2
FOOD S/C 2
FILE

CONFIDENTIAL

4005-100

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C-5, AFHQ

6399

25 MAY '45

PRIORITY

SECRET PD

REQUEST FOLLOWING SIGNAL BE DISPATCHED TO CHARLIE CHARLIE SUGAR
REPEAT TO CHARLIE LOVE ABLE CHARLIE PD

PAREN TO GEORGE FIVE AMHS FROM HQ ALONG CITE AGECO

QUOTE ITALIAN GOVERNMENT DESIRES TO USE PUBLICITY CONCERNING AMOUNTS
OF COTTON AND WOOL ALLOCATED FOR IMPORTATION INTO ITALY TO DISGORG
STOCKS OF THESE RAW MATERIALS NOW HIDDEN IN BLACK MARKET PD
PRODUCTS FROM MATERIALS THUS UNCOVERED TO BE USED IN PARTIAL
PAYMENT TO FARMERS TO FACILITATE WHEAT ACQUISITION PD REQUEST
RADIO NOTIFICATION OF EACH ALLOTMENT FOR PUBLICITY PURPOSES PD
UNQUOTE

2630

2630

ECONOMIC SECTION

ROBERT E. DOE
Major, A.G.D.

NICHOLAS PIONEIRO
CWA USA
ASST. ADJ.

400512

PERSONAL

ALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

25 May 1945

Dear Ellery:

This confirms our conversation on the accounting question which is the subject of some controversy between the theater and CCAC. I inclose a copy of a letter which I have recently written to AC stating my very definite view that we must comply with the accounting directive as it now stands, including the provision requiring a check or tally on arrival, unless we are to be put in a most unsatisfactory and embarrassing situation.

We have supported as far as we can the AC position that billing should be based on shipment figures, but we have been entirely unsuccessful in obtaining any modification of the CCAC viewpoint. This being the case, there is no alternative to following the clear instructions of CCAC notwithstanding any personal disagreement with the policy that may exist.

I hope we can get the matter straightened out very promptly as I understand the Kilgore Committee may well inquire into the accounting procedure in this connection.

Sincerely,

CHARLES M. SPOFFORD
Brigadier General, G.S.C.
Assistant Chief of Staff, G-5

Incl:
as above.

Rear Admiral Ellery W. Stone
Chief Commissioner
Headquarters, Allied Commission
A.P.O. 394

→ Brig. Braffley Smith
Pls see me with Col. Menap
Ews 26/5
(With only 1 ind)

SECRETALLIED FORCE HEADQUARTERS
G-5 Section
APO 512

COPY

23 May 1945

SECRET

FILE : G-5/130

SUBJECT : Receiving and Transfer of Title to Civilian Supplies.

TO : Headquarters, Allied Commission, APO 394.
(Attention: Chief Commissioner)

1. As one aspect of the withdrawal of A.C. personnel from some sections of Italy and of turning over to Italian Government agencies an increasing responsibility for the receiving of civilian supplies, the Allied Commission last November requested this Headquarters to dispatch MAT 419 to the C.C.A.C. inviting attention to these developments and asking authorization to use Italian receiving reports as a basis for charging the Italian Government.

2. There has been no reply from the C.C.A.C. to MAT 419, but in TAM Airgram 42 (23 March 1945) the C.C.A.C. laid down a procedure for billing the Italian Government for civilian supplies which involves the use of landed costs, including insurance, and which therefore necessarily involves a tally of arrivals. The War Department, in its message WX-54719 of 7 March 1945 rejected the proposal made in MAT 419. Meantime, since receiving tallies by AC/AMD personnel have given way almost entirely to those by Italian agencies representing the Italian Government (see A.C. Shipping Instruction No. 11), this Headquarters, with A.C. concurrence, dispatched MAT 670 to the C.C.A.C. on 9 May, which reiterated the view expressed in MAT 419.

3. We have now received the U.S. draft reply to MAT 419, MAT 650 (in which we commented on the billing procedure set forth in TAM Airgram 42) and MAT 670. This message, W 84387 of 18 May, was forwarded to the A.C. under separate cover on 19 May. Your attention is invited to the last sentence in paragraph 4 thereof, which states that the basis for charging the Italian Government suggested in MAT 419 is not satisfactory, being contrary to the combined procedure agreed on in TAM Airgram 42.

4. On the present state of the record there would appear to be no alternative to a prompt reconsideration of AC/AMD policy and procedure with respect to receiving, tallying, and transfer of title to civilian supplies in Italy. The current procedure under which, to an increasing extent, the only receiving reports are those prepared by agencies responsible to the Italian Government is clearly not acceptable, and should be modified as soon as possible. In this connection, please note our letter of 12 May 1945 commenting on Shipping Instruction No. 11.

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COPY

SECRET

-2-

5. Paragraph 1C of W 84397 suggests a procedure which may meet the current situation in which AC/AMG do not have personnel sufficient to make arrival tallies at all Italian ports. This procedure involves calling on WSA/MWT to utilize their Italian shipping agents, under supervision of ships officers, to tally civilian supplies at dockside, at same time Italian Government agencies are tallying. It has occurred to this Section that should considerable delay threaten in developing this system AC/AMG may wish to consider itself employing such shipping agents, on the advice of WSA/MWT, to make shipside tallies for AC/AMG. Small groups of AC/AMG officers and men could visit ports to make spot checks on the tallying being done by such shipping agents. This procedure would have the advantage that, should it later develop that WSA/MWT are prepared to undertake supervision, the responsibility of the agents to AC/AMG could be terminated, and the AC/AMG mobile teams of checkers could be withdrawn.

6. Your early comments on this matter will be appreciated. In this connection, it may be worth noting that in our civilian supply operations in Southern France, Greece, Yugoslavia, and Albania the civil affairs organizations have always been required to maintain a tally of arrivals, although it has been considered acceptable to employ local firms or personnel to make the tally under whatever supervision by civil affairs officers and men was possible.

CHARLES M. SPOFFORD
Brigadier General, G.S.C.
Assistant Chief of Staff, G-5

: 3695

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21 May 1945

My dear Minister:

I thank you for your letter of the 2nd of May with regard to the 100,000 metric tons of wheat donated by the Argentine Government to Italy.

I am sorry that there would appear to have been a delay in arranging for the transfer of this wheat to Italy, but, as you will be the first to appreciate, considerable difficulties have to be overcome.

The matter is now being dealt with direct between this Headquarters and Washington; a further signal was dispatched 12 May and it is hoped that a decision may be reached as a result thereof.

Very truly yours,

[s] Ellery W. Stone

ELLEMY W. STONE,
Rear Admiral, USNR
Chief of Commission

M. E. De Gasperi
Minister of Foreign Affairs
Rome

CC: Food S/C
Transportation S/C
Economic Section - Attn: F.H. Tooby, Maj.

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+ 005/22

File under No.

SERIAL NUMBER	FROM—	DATE	TO—	SYNOPSIS
2598				

1545